Manitoba

Annual Report
1999 - 2000

Finance

Includes 10% post-consumer waste

Minister of
Finance

Room 103
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

To His Honour
Peter Liba
Lieutenant-Governor of Manitoba

May It Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report of Manitoba Finance for the year ended March 31, 2000.

Respectfully submitted,

Greg Selinger

Honourable Greg Selinger
Minister of Finance

Manitoba

Deputy Minister of Finance

Room 109
Legislative Building
Winnipeg, MB R3C 0V8

Honourable Greg Selinger
Minister of Finance
103 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Selinger:

I have the honour of presenting for your consideration, the Annual Report of Manitoba Finance for the fiscal year ended March 31, 2000.

Respectfully submitted,

J. Patrick Gannon
Deputy Minister of Finance

101-00127/

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PREFACE

Report Structure

This Annual Report is organized in accordance with the Department of Finance's appropriation structure, as set out in the Estimates of Expenditure of the Province of Manitoba (Part A – Operating Expenditure) for the fiscal year ended March 31, 2000, with the exception of the Insurance and Risk Management branch, Net Tax Credit Payments and Public Debt which are included within the divisions responsible for their administration. The report includes information at the main and sub-appropriation levels related to the department's objectives, actual results achieved, financial performance and variances and provides a five-year historical table of departmental expenditures and staffing. Information on Part B – Capital Investment is also provided.

Role and Mission

The Minister of Finance is Chairman of Treasury Board, and through the department, manages the Consolidated Fund and directs the financial affairs of the province under the authority of the following Acts of the Consolidated Statutes of Manitoba:

The Balanced Budget, Debt Repayment and Taxpayer Protection Act	B5
The Corporation Capital Tax Act	C 226
The Crown Corporations Public Review and Accountability Act	C 336
The Energy Rate Stabilization Act	E 115
The Financial Administration Act	F 55
The Fire Insurance Reserve Fund Act	F 70
The Fiscal Stabilization Fund Act	F 85
The Manitoba Foundation Act	F 155
The Gasoline Tax Act	G 40
The Health and Post Secondary Education Tax Levy Act	H 24
The Homeowners Tax and Insulation Assistance Act (Parts I to IV and Section 1 and Part VI as they relate to subjects covered under Parts I to IV)	H 75
The Hospital Capital Financing Authority Act	H 125
The Income Tax Act	I 10
The Manitoba Hydro Act	H 190
The Manitoba Investment Pool Authority Act	I 100
The Mining Claim Tax Act	M 165
The Mining Tax Act	M 195
The Motive Fuel Tax Act	M 220
The Pari-Mutuel Levy Act	P 12
The Public Officers Act	P 230
The Public Sector Compensation Disclosure Act	S 265
The Retail Sales Tax Act	R 130
The Revenue Act	R 150
The Succession Duty Act (S.M. 1988-89, C. 42)	-
The Suitors' Moneys Act	S 220
The Tax Appeals Commission Act	T 3
The Provincial - Municipal Tax Sharing Act	T 5
The Tobacco Tax Act	T 80

The overall responsibilities of the Minister and the department include:

- the preparation of the annual Provincial Budget;
- the management and control of government expenditures and revenues and the evaluation of government programs;
- ensuring appropriate government-wide management practices and systems;
- ensuring accountability for the delivery of government programs;
- the management and administration of the Consolidated Fund, which includes maintaining the Provincial accounting and financial reporting systems, and the preparation of the annual Public Accounts and other reports which show the financial condition of the government;
- the management of daily cash requirements, the public debt, the investment of public money, and of loans and advances made, and guarantees given, by the government;
- analysing and assessing the economic situation and prospects in Manitoba in cooperation with other departments as appropriate;
- advising on fiscal and other economic policies and measures including taxation;
- advising on policies relating to Federal-Provincial fiscal economic relations;
- representing the Province in negotiations and meetings with other governments related to finance, taxation and economic policy;
- managing the province's financial assets and liabilities;
- insuring government assets and managing risk; and
- providing direction to government for the appropriate and effective use of information technology systems.

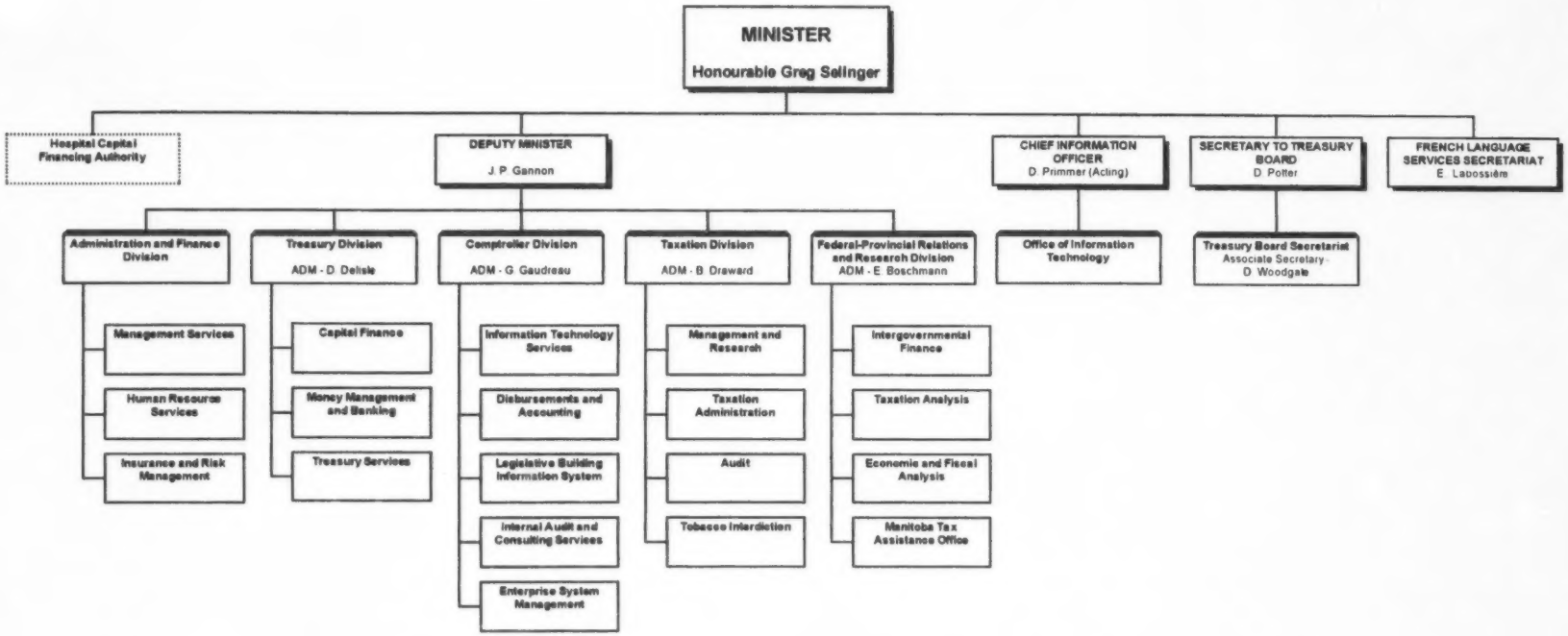
Organization

The departmental organization structure appears in the organization chart on page 10. The department is comprised of five operating divisions, French Language Services Secretariat, Treasury Board Secretariat and the Office of Information Technology. The operating divisions are as follows:

- Administration and Finance
- Treasury
- Comptroller
- Taxation
- Federal-Provincial Relations and Research

Additional information on each of the department's operating divisions, French Language Services Secretariat, Treasury Board Secretariat and the Office of Information Technology is included in the text of this report.

Manitoba Finance
Organization Chart



ADMINISTRATION AND FINANCE DIVISION

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. It includes support services and centralized coordination of financial, administrative and human resource functions as well as the Tax Appeal Commission and the Insurance and Risk Management program.

Executive Support

The office of the Minister provides additional compensation to which individuals appointed to the Executive Council are entitled.

The Executive Support unit provides advice to the Minister on all policy and program matters related to the department, coordinates and administers the activities of the department to meet government policy objectives and provides administrative support for the Offices of the Minister and Deputy Minister.

1 (a) Minister's Salary

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Minister's Salary	27.0	1.00	27.0		
Total Sub-Appropriation	**27.0**	**1.00**	**27.0**		

1 (b) Executive Support

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	411.8	7.00	387.8	24.0	
Other Expenditures	85.6		75.2	10.4	
Total Sub-Appropriation	**497.4**	**7.00**	**463.0**	**34.4**	

Management Services

The Management Services branch is responsible for ensuring appropriate management of, and accountability for the department's resources. This encompasses the development and implementation of departmental financial and administrative policies, processes and practices; ensuring compliance with government legislation, policies and procedures; providing accounting and administrative services to the department; and providing analytical and consultative support services to the department's operating divisions.

Branch activities encompass planning, organizing and evaluating departmental accounting and financial management activities related to financial reporting, expenditure and revenue processing and appropriation control. Specific activities include coordinating and supporting the development of the department's annual estimates, quarterly financial forecasts and reports, requests for office accommodation, telecommunication services and government vehicles. In addition, the branch coordinates the department's records management program including all matters pertaining to the Freedom of Information and Protection of Privacy Act and administers the department's parking program.

Human Resource Services

The branch provides human resource services to departmental managers and staff of the departments of Finance, Government Services, Industry, Trade & Mines and the Provincial Auditor's Office in accordance with the Civil Service Act, Manitoba Government Employee Union (MGEU) Master Agreement, Manitoba labour laws and workplace health and safety legislation. These services include staffing, employment equity, job analysis and classification, employee counselling, labour relations, and pay and benefits administration. The departments also share resources for the branch management, training and development, occupational health and safety and employment equity program development.

Specific activities of Human Resource Services during 1999-2000 that related to the Department of Finance included:

Employment Equity

The branch continues to coordinate the implementation of government-wide policies and initiatives.

Employment Equity Statistics as at Fiscal Year End

	1996-1997 Actual (%)	1997-1998 Actual (%)	1998-1999 Actual (%)	1999-2000 Actual (%)
Native	1.3	1.5	1.2	1.5
Women	50.7	51.0	51.6	52.7
Disabled	3.6	3.5	3.7	3.6
Visible Minority	6.5	6.3	5.9	6.0

Payroll and Benefits

During the course of the year, the branch maintained payroll records for 497 employees. Maintained comprehensive attendance and payroll information on the Corporate Human Resource/Payroll System (SAP).

Provided counselling and information on retirement, death benefits, long term disability and lay-off to 27 employees and family members.

Recruitment and Selection

Filled 41 permanent and 3 temporary position vacancies through a formal competition process and 25 positions through various direct appointments.

Consulted with departmental management/supervisory personnel, employees, and the MGEU in the resolution of numerous labour relations issues, which included the filing of 3 formal grievances.

Assisted 12 staff impacted by workforce adjustment to find alternative permanent employment. Branch staff work as case managers to provide skills assessment, recommendations for training, résumé writing assistance, referral to re-employment opportunities, retirement information and feedback on interviews.

The sector continued to hire a number of individuals from their Outreach/Inventory list. This was established to provide opportunities to qualified candidates on a casual and term basis. The departments of Finance and Government Services participated in the Aboriginal Management Project with the Civil Service Commission.

Position Classification

Prepared detailed classification analysis on 50 reclassification requests under delegated and non-delegated authority.

Staff Development

Trained 217 departmental employees in 16 in-house training and development programs involving 8 different course titles and 39 training days. Conducted 26 working sessions with client teams to operationalize team building/change management, etc., requiring approximately 39 working days.

Occupational Health and Safety

Formulated Workers' Compensation statistics for distribution to various branches with the department which reported 1 accident/injury claim for no lost time. The number of new claims reported has decreased by 75% in comparison to last year.

The department experienced a decrease in Workers' Compensation costs of $660.09 over last year.

Attendance management, workstation assessments and Return to Work Program resulted in reducing the department's overall claim costs.

1 (c) Management Services (includes Human Resource Management)

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	450.4	10.00	470.9	(20.5)	
Other Expenditures	58.4		72.3	(13.9)	
Total Sub-Appropriation	**508.8**	**10.00**	**543.2**	**(34.4)**	

Tax Appeal Commission

The Tax Appeals Commission Act provides for the appointment of one or more commissioners for the purpose of dealing with notices of objection filed by taxpayers who disagree with assessments under The Retail Sales Tax Act, The Corporation Capital Tax Act, The Mining Tax Act and The Health and Post Secondary Education Tax Levy Act. The Tax Appeals Commission provides taxpayers with an objective review of the taxpayer's appeal, independent of the taxation officials who issued the assessment.

The activity of the Commission and results for 1999-2000 are as follows:

Outstanding appeals, March 31, 1999	9
Appeals received in 1999-2000	26
	35
Appeals resolved in 1999-2000	
Partially Denied	1
Denied	9
Referred	3
Upheld	1
	14
Outstanding appeals, March 31, 2000	21

1 (d) Tax Appeal Commission

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Tax Appeal Commission	15.4		20.0	(4.6)	
Total Sub-Appropriation	**15.4**		**20.0**	**(4.6)**	

Lower Tax Commission

The Lower Tax Commission was established for the purpose of providing options for improving Manitoba's tax system.

During 1999-2000, the Lower Tax Commission consulted with Manitobans, considered how Manitoba's tax environment compared with other jurisdictions, examined the appropriateness of the structure and mix of taxes for Manitoba's economy, advised on the relative merits of targeted and general tax reductions and submitted its report to the government at the conclusion of its mandate.

1 (e) Lower Tax Commission

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Lower Tax Commission	175.4		75.0	100.4	*1*
Total Sub-Appropriation	**175.4**		**75.0**	**100.4**	

1. *Over expenditure is due to additional expenditures arising from the activities of the Lower Tax Commission that included printing and design, postage and remuneration for committee members.*

Insurance and Risk Management

The Insurance and Risk Management branch serves a centralized government function providing insurance and risk management services to Manitoba government departments and agencies, including most Crown corporations.

Risk management services can be defined as tasks that involve the application of risk identification, risk evaluation, risk control, risk transfer and risk financing principles. Specific tasks include reviewing risk management policy, promoting and attending risk control meetings, performing loss prevention inspections, reviewing contracts, establishing and maintaining commercial and self insurance programs, managing claims, and evaluating and presenting risk reduction opportunities to agency and department management.

The goal of the Insurance and Risk Management branch is to enhance the ability of Manitoba government departments and agencies to operate facilities, provide services and deliver programs to the public within planned budgets, with a minimum of disruption and unexpected cost from unforeseen loss.

Risk Identification and Evaluation

The Insurance and Risk Management branch worked with departments, agencies and Crown corporations to identify and assess risk exposures associated with their activities.

Branch personnel assisted the Manitoba Developmental Centre in developing its risk management procedures and risk determination grid. Meetings continued with representatives of Consumer and Corporate Affairs and various professional associations regarding insurance requirements for life lease regulations.

The branch assisted the Department of Highways and Government Services to evaluate the risks with proposed permits for overweight/oversized vehicles. Branch personnel worked with the Department of Agriculture and Food on insurance and bonding requirements for Farm Food Safety Regulations. Workers' Compensation coverage for out-of-Manitoba work-experience students was reviewed for Assiniboine Community College.

The risk management program of the Manitoba Securities Commission as a new Special Operating Agency (SOA) was examined. Branch personnel worked with Culture, Heritage and Tourism and the Manitoba Recreational Trails Association to identify and evaluate risks with recreational trails, including the Trans Canada Trail Project.

Branch personnel provided risk evaluation expertise to the Y2K Essential Services Subcommittee, and the Manitoba Legislative Buildings and Grounds Interpretation Advisory Committee.

The Manitoba Risk Management Policy Manual was made available on the Manitoba Government Intranet. Branch personnel helped to organize a seminar on Strategic Risk Management involving the Conference Board of Canada which was attended by personnel from numerous government departments and agencies.

Risk Control

Personnel from the branch participated in numerous risk control meetings with departments and agencies, including the Department of Highways and Government Services, Conservation, Red River Community College, and the Department of Family Services and Housing, including the Manitoba Developmental Centre.

A presentation was made to Government Services Building Managers on how to control risks with contractors who work on government premises.

Risk control inspections were conducted of Manitoba Lotteries casinos and expansions, the Old Pinawa site, and the riverwalk stairs near the Legislative Building. A vaccine storage warehouse was inspected. Manitoba's insurers also conducted numerous inspections of higher-value government properties.

Branch personnel participated on venue inspection teams for the 1999 Pan American Games.

Risk Transfer

The Insurance and Risk Management branch reviewed over 150 contracts for insurance and indemnity provisions, working with the Department of Justice to ensure appropriate transfer of risk on government contracts.

Branch personnel analysed the insurance coverage provided contractually to clients of the Food Development Centre. The insurance requirements for residential care agreements were reviewed, and an audit was conducted of certificates of insurance for Service Purchase Agreements. Financial assurance clauses were reviewed for a variety of environmental licenses. Vaccine shipping and storage contracts were examined for Manitoba Health. Branch personnel assisted the Year 2000 Office in determining insurance requirements for consulting contracts.

Branch personnel, along with Civil Legal Services, participated in several Contract Management Seminars for departments and agencies, presented by an independent consultant.

The branch assisted departments and agencies in obtaining proper "Proof of Insurance" from third party contractors and suppliers, and it provided Certificates of Insurance to third parties on behalf of Manitoba departments and Agencies. Total requests exceeded 100.

Risk Financing

The Insurance and Risk Management branch administers insurance purchasing on behalf of government departments and Agencies. The branch also regularly conducts insurance surveys and examines alternative risk financing options on behalf of departments and agencies.

In 1999-2000, insurance coverage was added for former CMHC properties that were transferred to Manitoba Family Services and Housing. Hull insurance for Manitoba's passenger ferries was improved.

Insurance premiums paid by departments during the 1999-2000 fiscal year were $1.16 million including brokerage fees. This represented an increase of 2.6 % over the previous year. Main cost increases were due to improvements in the hull insurance for Manitoba's passenger ferries and slightly higher costs for primary general liability insurance.

The Insurance and Risk Management branch also administers insurance purchasing by government agencies, including Special Operating Agencies. Some additional coverages were explored this year, including a quotation for errors and omissions insurance for the Industrial Technology Centre. Agency premiums paid directly to commercial insurers totalled $0.53 million, including brokerage fees. This represented a 32% increase over 1998/99, and was mainly due to increased size of operations and higher property values.

Agencies Self-Insurance Fund

This fund reduces the deductible under Manitoba's blanket property and general liability insurance policies for government agencies. The fund also insures student laptops against damage under the Red River College laptop program.

During the 1999-2000 fiscal year, the self-insurance fund collected $1.15 million in premiums from agencies, an increase of 28% from the previous year. Claim payments from the fund were approximately $0.5 million and claim reserves for newly reported claims were $1.3 million for property and $0.5 million for liability. Taking deductibles into account, claim reserves for expected payments from the fund will be approximately $1.0 million. Including adjusting costs, premiums collected are expected to match claim costs for the year.

Province of Manitoba Insurance Consortium

A broker selection process was held this year, as the three-year term for the incumbent consortium brokers came to an end. The selection process was publicly advertised and seven brokers responded to the written criteria. The three successful firms were AON Reed Stenhouse Inc., Marsh Canada Limited and Hayhurst Elias Dudek Inc.

Personnel from the Risk Management branch and the consortium met 9 times during the fiscal year to discuss issues relating to insurance purchasing and loss prevention.

Claims Administration

The Insurance and Risk Management branch administers insurance related claims on behalf of Government departments and agencies. During the 1999-2000 fiscal year, an Agency Claims Manager was hired and the incumbent Claims Manager assumed responsibility for Department Claims. Separate claims statistics are now available for government departments and agencies for the 1999-2000 fiscal year.

Department Claims

Property Claims

In the 1999-2000 fiscal year, 131 incidents involving damage to agency property, at an estimated cost of $1.3 million were reported to the branch. This involved a 31% increase in the number of incidents reported by agencies the previous year. The quantum of total reported damage decreased 15% over the previous year.

Liability Claims

During this same period, 198 new liability incidents were reported with initial reserves totalling $222,118. This represented a 21% decrease in the frequency of reported incidents, and a decrease of 49 % in the total reserves.

Adjusting Costs

Adjusting costs for department claims were $71,437 during the 1999-2000 fiscal year, but one half of these costs were paid by Manitoba's liability insurers for a large claim that was resolved during the year. The number of liability claims closed during 1999-2000 increased to 178.

Agency Claims

Property Claims

In the 1999-2000 fiscal year, there were 131 incidents involving damage to government agency property, at an estimated cost of $1,341,830. This involved a 31% increase in the number of reported incidents. The quantum of reported damage increased by 40.5% due in part to the increased number of property losses as well as four major fire and water damage claims that drove up total costs. An attempt at subrogation recovery on four property losses that occurred during the 1999-2000 fiscal year has been undertaken. One has been successfully concluded, the remaining three have yet to be finalized.

Liability Claims

During this same period, 288 new liability incidents were reported with initial reserves totalling $497,100. This represented a 200% increase in the frequency of reported incidents, and an increase of approximately 62.4% in the total reserves.

** One agency experienced a 344% increase in frequency due to an increase in overall operations, while the combined frequency of other agencies resulted in a 14% increase. The increase in claim reserves is not as large, because many reported incidents are expected to result in minor, or nil, payments.

Adjusting Costs

Adjusting costs for agency claims decreased minimally from $68,449 for 1998-1999 to $67,202 for the 1999-2000 fiscal year. The number of liability claims closed increased from 32 the previous year to 155 in the current fiscal year.

Intentional Damage Compensation Plan

Branch personnel monitor the administration of the Foster Parents Intentional Damage Compensation Plan for the Department of Family Services and Housing. A total of 136 claims were settled at a total cost of $62,593 plus investigative and administrative costs of $7,731. This represented a 9% decrease in claim frequency, a 49% decrease in claim settlement costs, and a 40% decrease in claim administration costs.

Other Results

The insurance premium component of the province's " cost of risk" increased in 1999-2000, due mainly to a growth in agency operations and increased property values. Commercial insurance premiums increased 10% and self-insurance assessments were 27% higher than the year previous. It is expected that commercial insurance rates will increase during the coming years, and the self-insurance component will allow Manitoba to minimize premium increases.

Departments and agencies continue to request information regarding risk identification and analysis. The availability of the Manitoba Risk Management Policy Manual on the government intranet helped raise awareness of risk management procedures.

"Risk awareness" by departmental and Agency personnel is especially noticeable in the requests for branch personnel to review risk, insurance and bonding provisions in supply and service contracts and agreements. Part of this increase may be associated with the ease of transmitting documents over government-wide e-mail. These contract reviews help ensure program delivery with purchased supplies and services, and reduce government's future liabilities.

The addition of an Agency Claims Manager to the staff of the Insurance and Risk Management branch allows for more detailed supervision and analysis of losses by departments and agencies. Combined with a newly installed claims database, branch personnel are able to provide more claims information to client departments and agencies, and to assist clients in identifying loss prevention opportunities.

6 Insurance and Risk Management

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	278.5	5.29	294.5	(16.0)	
Other Expenditures	50.3		61.3	(11.0)	
Insurance Premiums	1,160.1		1,385.0	(224.9)	*1*
Less: Recoverable from Other Appropriations	(1,160.1)		(1,385.0)	224.9	*1*
Total Sub-Appropriation	**328.8**	**5.29**	**355.8**	**(27.0)**	

1. *Under expenditure results from a reduction in insurance premiums which also directly reduces the amount recoverable from Other Appropriations.*

French Language Services Secretariat

The French Language Services (FLS) Secretariat advises the Government of Manitoba, and the Minister responsible for French Language Services in particular, on the development of government services in the French language, and on matters relating to the FLS Policy in general.

The FLS Secretariat guides, monitors, seeks and facilitates the implementation of the Government of Manitoba's FLS Policy in a manner consistent with the concept of active offer and makes recommendations to that effect. The Secretariat's mandate applies to all administrative bodies covered by the FLS Policy.

The FLS Secretariat provides assistance and direction to the administrative bodies covered by the Government of Manitoba's FLS policy and serves as a liaison between the Government and Francophone organizations in the Province.

During 1999-2000, the FLS Secretariat:

- Coordinated the preparation of the 1999-2000 Appendix to the Canada/Manitoba General Agreement on the Promotion of Official Languages, a cost sharing Agreement with the Federal Government and worked on the renewal of that Agreement for the period April 1, 2000 to March 31, 2004.

- Initiated and participated in various follow-up activities and implementation actions regarding the Chartier Report and recommendations including the establishment of a FLS Facilitator Team attached to the FLS Secretariat and completing the preliminary steps for establishing the first three of six bilingual government service centres in Saint-Boniface, Saint-Pierre-Jolys and Notre-Dame-de-Lourdes.

- Provided guidance and assistance to designated Health Authorities on the development of regional FLS plans, through the Advisory Committee on Health Services in French, chaired by the Senior Advisor.

- Pursued the review and/or development of FLS plans of designated social services agencies via the Advisory Committee on French Language Social Services, chaired by the Senior Advisor.

- Continued developing strategies to address shortcomings in the delivery of judicial services in French, through the Working Group on the Enhancement of FLS in the Justice System chaired by the Senior Advisor. Coordinated stakeholder meetings for the development of a model for the delivery of RCMP services in French.

- Participated as Manitoba's representative at the Francophone Summit in Moncton, New Brunswick in August 1999 and as a presenter of a mini Web site promoting Manitoba at its Vitrine technologique/Technology Showcase.

- Participated in national meetings of senior officials on French language services and in the planning of the Ministers' Conference on Francophone Affairs scheduled to take place in Prince Edward Island in 2000.

- Coordinated French language training initiatives for government employees in designated positions and offices. Undertook a survey of their FLS training needs and interests and participated on the intergovernmental French Language Learners Committee.

- Pursued the development and implementation of strategies to ensure services in French for senior citizens.

- Organized FLS forums/meetings with representatives of Government departments and the Franco-Manitoban community to share information and ideas on specific issues and to prepare recommendations or develop solutions and strategies.

- Dealt with representations and complaints from the public about FLS.

- Enhanced FLS promotions: new design for the government's official service sign *At your service in English / En français avec plaisir!*; Bonjour pins to serve as visual icons for the public; updated FLS Web site.

- Established a FLS and Systems Steering Committee to provide feedback and assist in identifying French language requirements as they pertain to systems hardware, software and related tools in the government's managed environment.

- Worked on ensuring French content on the Internet and in reorganized delivery of government services (e.g. participated in a focus group for a Better Systems Initiative prototype.)

15-1h French Language Services Secretariat

Expenditures by Sub-Appropriation	Actual 1999-2000	Estimate 1999-2000		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	221.7	6.00	207.5	14.2	
Other Expenditures	359.5		377.8	(18.3)	
Total Sub-Appropriation	**581.2**	**6.00**	**585.3**	**(4.1)**	

TREASURY DIVISION

The Treasury Division was created as a separate entity in 1976 due to the need for placing greater emphasis on the management of Government money, debt and investments. Since that time, volumes and dollar values have increased significantly, requiring the development of currency and interest rate risk management programs. Due to the absence of separate agencies in the Province to assist in the financing of municipalities, schools and hospitals, the Treasury Division ensures that such financing is arranged.

In the 1999-2000 fiscal year, the Treasury Division existed in the context of an uncertain and volatile world political and economic picture. With major changes taking place in world economic and financial markets, concerns about the direction of both long and short term capital markets, and concerns about the value of the Canadian Dollar, all of which have an impact on management strategies and the day to day decisions made by Treasury Division staff.

The Division maintains contact with a large number of domestic and foreign financial institutions, as well as regulatory and rating agencies to inform them of the fiscal and economic performance of the Province and its policies while at the same time obtaining information about the state of world financial markets, and financial products and opportunities available to the Province. Such information is received and provided in verbal, print, facsimile and electronic forms.

To more effectively deal with technological and financial market complexities and risks, the Division operates the following committees:

- The Capital Markets Committee
  - Meets weekly to review world capital supply, investment, risk management and foreign currency markets and ensures that Treasury management and professional staff are conversant with current events and expectations respecting these markets.
  - Determines appropriate investment, borrowing and risk management strategies.

- The Credit Committee
  - Regularly reviews the financial status and exposure to individual financial institutions, establishes approved lists of financial counterparties as well as limits for exposure to individual financial institutions, reviews documentation standards for financial agreements, and assesses the risk related to investment classes and transactions.

- The Information Technology Planning Committee
  - Assesses the technological needs of the Treasury Division, and recommends appropriate actions to ensure that technological advances can be applied to improving Treasury Division effectiveness and productivity.
  - Monitored the continuing progress of the Division's Treasury Management System upgrade.

- The Executive Management Committee
  - Meets monthly to discuss matters relating to personnel, operations, planning, budgeting, credit, information technology, legislation and administrative matters so as to maximize the use of all resources provided to the Treasury Division, prioritize activities and ensure effective and efficient delivery of treasury services.

The Treasury Division is divided into four functional areas:

- Administration
- Capital Finance
- Money Management and Banking
- Treasury Services

Administration

The Administration function has been allocated two staff positions for the performance of the following functions:

- general management of the Treasury Division;
- contact with the world financial community;
- establishing strategies for the investment of sinking funds and other long term investment accounts aggregating in excess of $7.0 billion;
- establishing interest rates for loans to Crown corporations, government agencies, school boards, hospitals and municipalities; and
- provision of management and financial advisory services to government departments, agencies and investment funds.

2 (a) Administration

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	168.2	2.00	141.5	26.7	
Other Expenditures	76.0		118.1	(42.1)	*1*
Total Sub-Appropriation	**244.2**	**2.00**	**259.6**	**(15.4)**	

1. Under expenditure is due to deferred purchases of computer equipment and software.

Capital Finance

The Capital Finance branch of the Treasury Division has been allocated five staff positions for the performance of the following major functions:

- managing the borrowing programs of the Government, Crown corporations, government agencies and other loan programs;
- developing and maintaining the debt management program of the Government;
- administering provincial investment in, and advances to, Crown corporations, government agencies and other loan programs;
- managing sinking funds and other long term investment accounts of the Province, Crown corporations and government agencies; and
- advising Crown corporations, government agencies and managers of loan programs regarding policies and procedures related to capital financing.

Borrowing

The borrowing program of the Government, its Crown corporations and government agencies aggregated $2,355 million in 1999-2000. This includes $1,004 million for refinancing maturing debt issues with the balance required for sinking funds and self-sustaining programs, including Manitoba Hydro. The aggregate amount of Province of Manitoba direct and guaranteed debt, net of sinking funds, outstanding at March 31, 2000 using March 31, 2000 foreign exchange rates for conversion of foreign issues, was $13.46 billion ($13.39 billion at March 31, 1999) of which $6.72 billion ($6.77 billion at March 31, 1999) was for general government programs.

The branch is responsible for meeting the ongoing reporting and filing requirements of all markets in which the Government has borrowed money. Three major reports and filing documents were prepared for regulatory agencies in Japan, Europe and the United States.

The branch also coordinated presentations to the major North American rating agencies which evaluate the creditworthiness of the Province.

Risk Management

The Capital Finance branch actively monitors global capital markets and manages the Province's outstanding debt through the use of hedging techniques such as currency exchange agreements, floating and fixed interest rate swaps, forward rate agreements and various option structures.

At March 31, 2000, 20% of direct debt, excluding debt for which Manitoba Hydro is responsible, was floating rate (14% at March 31, 1999) and 15% was payable in U.S. dollars (22% at March 31, 1999).

Investments

Loans and Equity Investments

The Capital Finance branch administers the Government's non-budgetary investment activities through advances to and/or equity investments in various Crown corporations, government agencies and loan programs. During 1999-2000, $1,168.5 million was invested and $388.2 million of principal was repaid. At March 31, 2000 the aggregate amount of advances and equity investments outstanding was $7.8 billion.

Sinking Funds and Other Long-Term Investments

Sinking funds and other long-term investments of the Province of Manitoba, its Crown corporations and government agencies are managed by the Capital Finance branch. At March 31, 2000, sinking funds related to the direct debt of the Province amounted to $6.4 billion, up 10.1% from $5.8 billion at March 31, 1999. Sinking funds of Crown corporations and government agencies respecting debt guaranteed by the Government of Manitoba totalled $180.5 million at March 31, 2000, up 3.1% from 1999. The branch also manages the long-term investments for Manitoba Public Insurance Corporation which totalled $990 million at February 29, 2000. The Capital Finance branch determines the cash flows of these funds for investment purposes.

Other Responsibilities

The Capital Finance branch also acts in an advisory capacity to Crown corporations and government agencies and makes recommendations respecting each organization's policies and procedures relating to the financing of their programs. All existing and proposed legislation of a financial nature is reviewed to

ensure that the objectives of the Crown corporation or government agency are met and that there is legislative consistency among the various entities.

The branch is responsible for operating the Manitoba Hospital Capital Financing Authority, which assists operators of hospitals to finance their capital expenditures.

The branch successfully launched the fifth Builder Bond campaign. Builder Bond Series 5 raised $250.7 million.

2 (b) Capital Finance

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	287.8	5.00	292.3	(4.5)	
Other Expenditures	36.2		37.3	(1.1)	
Total Sub-Appropriation	**324.0**	**5.00**	**329.6**	**(5.6)**	

Money Management and Banking

The Money Management and Banking branch of the Treasury Division, has been allocated eight staff positions for the performance of the following major functions:

- managing the Government's monetary resources;
- managing the short term investment and borrowing programs for the Government;
- administering trust money deposited with the Minister of Finance by Crown corporations, agencies and departments; and
- managing the banking operations of the Government.

Money Management

The Money Management and Banking branch prepares cash flow forecasts detailing the Government's anticipated daily receipts and disbursements, including its trust administration activities. Management of daily bank balances and timing of long-term borrowing is determined as a result of these cash flow forecasts.

During 1999-2000, the Money Management program was involved in managing the cash flow for over 1,300,000 cheques and electronic payments, representing approximately $6 billion of transactions processed. In addition, over 1,100,000 cheques, money orders, drafts and other items, representing approximately 38,000 bank deposits were processed through the accounts of the Government, and its remittance processing agent.

Investment and Borrowing

Monitoring and management of the Government's cash flow during 1999-2000 resulted in the branch arranging 1,296 short term money market transactions aggregating over $54 billion of investment purchases and $508 million of investment sales. The branch also arranged for the issue of $406 million of promissory notes to finance temporary shortfalls resulting from differences in the timing of Government payments and receipts and to finance long-term debt repurchases. Interest earned on the short-term investments amounted to over $50 million while interest paid on the promissory notes issued was approximately $1.6 million. The branch monitored the credit status of approximately two dozen approved financial institutions and maintained appropriate exposure limits for each, recommending changes where necessary to manage risk.

Trust Administration

Over 85 departments, agencies and Crown corporations deposit surplus funds with the Minister of Finance in interest-bearing trust deposits. These trust funds averaged approximately $1.1 billion in 1999-2000. Approximately 2,800 trust deposit receipts were issued in 1999-2000 and 3,000 payment vouchers processed by the branch in respect to these deposits. Interest paid on these trust accounts in 1999-2000 was in excess of $59 million.

Banking Operations

The branch advises and establishes procedures regarding the use of banking services and depositing for other departments and some agencies, and evaluates requests for new bank accounts and changes to existing accounts. Also, the branch negotiates contracts for banking and armoured car services for the Province.

The branch maintained a central index of approximately 720 accounts representing all Province of Manitoba bank accounts in all financial institutions in the Province. These accounts include the Manitoba Public Insurance Corporation agents' accounts.

The branch continued to expand the use of direct payment cards and credit cards for the receipt of Government revenues. The branch worked with individual departments, surveying their needs to consider appropriate applications.

The branch is involved with the operations of each Special Operating Agency in respect to its banking, borrowing and investment activities.

The branch will continue to partner with other areas of government in the application of emerging technology.

2 (c) Money Management and Banking

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	365.3	8.00	425.0	(59.7)	
Other Expenditures	248.9		258.9	(10.0)	
Total Sub-Appropriation	**614.2**	**8.00**	**683.9**	**(69.7)**	

Treasury Services

The Treasury Services branch of the Treasury Division has been allocated ten staff positions for the performance of the following major functions:

- to service and administer the public debt of the Province;
- to service and safekeep the investments of the Province and certain Crown corporations and government agencies;
- to provide administrative support to the Treasury Division including the coordination of the Division's information technology functions;
- to coordinate the preparation of Treasury Division and Public Debt estimates and analyses; and
- to provide a controllership function to the Treasury Division.

Debt Servicing

The gross direct debt serviced by the branch aggregated approximately $17 billion. This debt was represented by debentures, savings bonds, treasury bills, promissory notes, C.P.P. debentures and loans from the Government of Canada under special agreements, all payable in Canadian Dollars, as well as 21 debenture issues payable in U.S. Dollars, 3 debenture issues payable in Swiss Francs, and 11 debenture issues payable in Japanese Yen. In servicing this debt, the branch administered 160 derivative agreements whereby, among other things, all the Swiss Franc and Japanese Yen debt has been swapped into fixed or floating rate Canadian or U.S. Dollar liabilities. The branch also administered numerous option-related contracts entered into for the purpose of hedging against short-term interest rate and foreign currency fluctuations affecting debt.

Servicing the foreign debt obligations of the Province required the purchase of 145 million U.S. Dollars. Minor amounts of Swiss Francs and Japanese Yen were purchased to cover commissions, and other expenses on issues that have been swapped from these currencies to U.S. or Canadian Dollars.

Servicing the short-term debt obligations of the Province required the administration of $1.3 billion in treasury bills and $406 million in promissory notes issued throughout the year.

Investment Servicing

The branch services the long-term investments of the Manitoba Public Insurance Corporation and the sinking fund investments of the Province of Manitoba, Manitoba Hydro and the University of Manitoba. The aggregate value of these long-term investments was approximately $7.0 billion.

In servicing these investments the branch processed purchases aggregating $4.5 billion, sales and maturities of $3.4 billion and gross income of $529 million. The branch administered 162 derivative contracts by which investments denominated in foreign currencies have been swapped into Canadian Dollars.

Servicing short-term investments for the Province required the processing and safekeeping of approximately 2,600 money market transactions covering purchases, sales and maturities with a total aggregate value of approximately $108 billion.

The branch maintained safekeeping operations for securities owned by the Minister of Finance at a number of locations in Canada, the United States, Germany, Switzerland, Japan and Great Britain.

In order to meet its responsibilities in servicing the Province's debt and investments, the branch operates a payment system for the Division. During 1999-2000, 547 cheques were issued with a total value of $622 million and over 1,300 electronic transfers with a total value of over $3 billion were initiated in the Division.

2 (d) Treasury Services

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	489.6	10.00	510.2	(20.6)	
Other Expenditures	45.6		48.3	(2.7)	
Total Sub-Appropriation	**535.2**	**10.00**	**558.5**	**(23.3)**	

Public Debt (Statutory)

The Treasury Services branch is responsible for coordinating the preparation of Public Debt expenditure estimates and analyses.

The Public Debt appropriation provides for the required net cost of interest and related expenses payable with respect to the Public Debt of the Province.

The following table sets forth certain information as to the funded debt of the Province as well as debt issues for general Provincial programs (all net of sinking funds) as at March 31 for the years 1996 through 2000, including per capita data based upon population at July of the preceding calendar year.

	As at March 31,				
	1996	1997	1998	1999	2000
Net General Provincial Program Debt (millions) [1]	$6,814	$6,808	$6,773	$6,774	$6,718
Per Capita	$6,030	$6,003	$5,957	$5,952	$5,872
As a Percent of Gross Domestic Product	25.3%	24.1%	23.1%	22.5%	21.5%
Net Cost of Servicing General Provincial Program Debt (millions)	$592	$539	$520	$515	$466
As a Percent of Provincial Revenue	10.5%	9.4%	9.1% [2]	8.8%	7.4%

Notes:

1. *Unhedged foreign currency obligations are stated at the Canadian dollar equivalent using the exchange rates in effect on March 31 each year. Includes Capital Investments.*

2. *1997-1998 Provincial Revenue excludes 1997 flood recoveries.*

11 Public Debt (Statutory)

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Interest on:					
the Public Debt of Manitoba and related expenses	1,461,629.1		1,428,700.0	32,929.1	
Trust and Special Funds	55,825.6		60,500.0	(4,674.4)	
Sub-total	**1,517,454.7**		**1,489,200.0**	**28,254.7**	
Less: Interest and Other Charges received from:					
Manitoba Telecom Services Inc.	(7,318.1)		(9,700.0)	2,381.9	
Manitoba Hydro	(569,388.4)		(511,600.0)	(57,788.4)	
Manitoba Housing and Renewal Corporation	(36,721.8)		(37,200.0)	478.2	
Manitoba Agricultural Credit Corporation	(19,032.2)		(14,000.0)	(5,032.2)	
Other Government Agencies	(13,290.8)		(15,700.0)	2,409.2	
Other Loans and Investments	(62,625.1)		(68,200.0)	5,574.9	
Sinking Fund Investments	(343,756.3)		(352,000.0)	8,243.7	
Sub-total	**(1,052,132.7)**		**(1,008,400.0)**	**(43,732.7)**	
Total Sub-Appropriation	**465,322.0**		**480,800.0**	**(15,478.0)**	*1*

1. *Net reduction is due to a decrease in costs related to interest rates and increases in other income, offset by an increase in costs due to foreign exchange rates (US dollar).*

COMPTROLLER DIVISION

The Division's role is to establish and foster a corporate Comptrollership function for the Manitoba Government that includes the development and operation of financial and management systems in support of legislative and governmental decision-making, service delivery effectiveness and accountability requirements. Some of the key components integral to the Division's government-wide Comptrollership function include:

- designing management processes;
- establishing financial and accounting policy;
- preparing and presenting financial information for internal and external reporting;
- maintaining the central accounts of the Province and controlling all disbursements and revenue transactions for the Consolidated Fund;
- facilitating the integration and coordination of financial and management information; and
- providing advisory and problem solving services to corporate government and line departments.

In carrying out the Division's mandate, five branches report to the Provincial Comptroller. These include:

- Information Technology Services;
- Disbursements and Accounting;
- Legislative Building Information Systems;
- Internal Audit and Consulting Services; and
- Enterprise System Management.

Divisional accomplishments are reported under each branch as applicable.

3 (a) Comptroller's Office

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	257.1	2.00	136.3	120.8	
Other Expenditures	534.6		267.3	267.3	
Total Sub-Appropriation	**791.7**	**2.00**	**403.6**	**388.1**	*1*

1. *Over expenditure is due to severance and vacation payments as a result of the previous Comptroller's retirement and the costs associated with the Independent Financial Review.*

Information Technology Services

Information Technology Services, in existence since April 1993, provides information technology services to the Department of Finance with the exception of Legislative Building Information Systems, Treasury Board Secretariat and the Office of InformationTechnology.

The primary objective of the branch is to ensure that the Department of Finance has efficient, effective and technologically sound information systems that effectively support the department's objectives in a timely manner and, when necessary, support the objectives of other departments that use government-wide systems.

The branch has been allocated 13.25 staff positions for the performance of the following major functions:

- leadership and coordination of the development of strategic and annual information technology plans;
- provision of information technology expertise and consulting services such as business case analysis, feasibility analysis and requirements definition;
- development, implementation and testing of systems, backup and disaster recovery plans; and
- representing the department in matters relating to government-wide information technology initiatives.

In 1999-2000, the branch maintained the following systems in a continuous state of full operational serviceability:

- the Taxation Division's major and minor Revenue Accounting and Collection systems;
- the Comptroller Division's Historical and Minor Financial systems;
- the Insurance and Risk Management branch's Property Management and Insurance and Risk systems; and
- the Tax Assistance Office's Homeowner Tax Assistance Audit system.

In addition, staff supported the following major corporate initiatives:

- Department of Finance's Year 2000 changes were completed and validated to be correct;
- 3 staff members were seconded to the corporate Better Systems Initiative; and
- 6 staff members were seconded full time to the corporate Better Methods Initiative which has been implemented and operated the corporate SAP Enterprise Management Systems since April 1999.

3 (b) Information Technology Services

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	350.8	13.25	835.0	(484.2)	
Other Expenditures	124.0		95.7	28.3	
Total Sub-Appropriation	**474.8**	**13.25**	**930.7**	**(455.9)**	*1*

1. Net under expenditure is due to position vacancies and the recovery of salaries for staff seconded to the Better Methods and Better Systems initiatives.

Disbursements and Accounting

The role of the Disbursements and Accounting branch is to monitor the decentralized processing as well as controlling and reporting of all receipts to, and disbursements from, the Consolidated Fund in accordance with governing legislation and established accounting policies and practices. The branch maintains a central payroll system for the payment of all government employees as well as an accounts payable vendor system for payments in relation to grants, supplies and services. It also maintains the official accounting records of the government and prepares its financial statements, including summary financial statements reflecting the consolidation of the financial operations included in the government reporting entity that are integral to the overall operations of government in performing its executive function.

The branch performed direct deposit for government payrolls that included 390,000 direct deposits and issued 1,858 payroll cheques, with adherence to all deadlines and all related laws, regulations and policies.

The branch also released 339,705 payments for grants, supplies and services, to corporations, firms and other recipients based on documents and supporting information provided by the government's operating departments.

Processing and collection of amounts owing to the government for shared cost agreements were completed on a timely basis. Quarterly financial report statements of the government were issued in accordance with established time tables and accounting policy. Annual financial reports, as represented by the Public Accounts, were prepared and released in accordance with the Financial Administration Act. The financial statements, schedules and reports of the Consolidated Fund, represented in Volumes 1 and 2 of the Public Accounts, were released on September 30, 1999. Volume 3 of the Public Accounts, which represents the summary financial statements of the government, was released on November 30, 1999. Volume 4 of the Public Accounts, which represents the detailed financial statements of the funds, organizations, agencies and enterprises included in the government reporting entity, was produced and released on February 18, 2000.

The branch continued to provide consultation and financial guidance for appropriate financial processes within the Consolidated Fund.

3 (c) Disbursements and Accounting

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	2,002.8	41.50	1,913.2	89.6	
Other Expenditures	1,070.6		1,057.0	13.6	
Less: Recoverable from Other Appropriations	(339.1)		(390.6)	51.5	
Total Sub-Appropriation	**2,734.3**	**41.50**	**2,579.6**	**154.7**	

Legislative Building Information Systems

The branch is responsible for providing complete Information Technology services to all staff in the Legislative Building, both government and non-government, as well as providing a distinctive service to external clients that have a business requirement to communicate with clients in the building.

Within the government clients in the Legislative Building are the most senior executives which include the Premier's Secretariat, Executive Council, Ministers' and Deputy Ministers' offices, Intergovernmental Relations, and departmental staff from Information Services, Legislative Library, Tourism, Facilities and Security. Non-government clients include Legislative Assembly offices of the Speaker, the Clerk, Journals, Committees, Hansard, Members' Allowances, the Lieutenant Governor's office, the Leaders of the Opposition, the three caucuses and elected Members of Legislative Assembly.

Since users in the Legislative Building span all government departments, the branch also undertakes responsibility for corporate initiatives that address the information requirements of Manitoba's senior executives.

Significant accomplishments and undertakings for fiscal year 1999-2000 include:

- Successful migration for the Y2K rollover. This included monitoring Y2K issues, significant custom application changes and rewrites, hardware and software upgrades to workstations, servers, and network infrastructure, and disaster/recovery and business continuity planning.
- Design, testing and implementation of an upgrade to the technical environment which included implementation of new servers, a migration of server operating systems, and implementation of new backup/recovery hardware, software and procedures.
- Complete review and upgrade of security in the computing environment, both physical and technical. Technical upgrade included implementation of sophisticated firewall, intrusion detection and anti-virus software and strategies. Security review included initial phases of an external Threat and Risk Assessment.
- Planning and design for upgrade to the building communications infrastructure of wiring, hubs and routers, to be accomplished during 2000-2001 and 2001-2002.
- E-mail migration of server and workstation software and clients to new government standard.
- Consulting, application support and technical services to Treasury Division in the implementation of significant upgrades, extracts and reports for a Treasury Manager System, for development of a Trust Liability System, management and implementation of upgrades for Y2K related issues, and provision of upgrades for existing money market systems in order to remain up to date with current technologies in financial markets.
- Developed initial strategy and coordinated implementation of the government-wide Intranet.
- Implementation of a building-wide Intranet.
- Implementation of secure and cost-effective high speed Internet access for all users in the Legislative Building.
- Major re-organization due to change in government.
- Established teleconferencing sessions for news releases onto the Internet.
- Developed a web-based Greetings application and an application to manage Registration for Committee Witnesses for Legislative Assembly.
- Developed an Internet web site for the Lieutenant Governor.
- Ongoing enhancements and management of the Corporate Correspondence Tracking System (CIMS) including implementation of CIMS in offices at four additional departments that communicate with offices in the legislative building.
- Continued provision of consulting and operational support through deskside, technical and application support services.

3 (d) Legislative Building Information Systems

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	626.1	12.00	643.2	(17.1)	
Other Expenditures	289.8		290.6	(0.8)	
Total Sub-Appropriation	**915.9**	**12.00**	**933.8**	**(17.9)**	

Internal Audit and Consulting Services

The Internal Audit and Consulting Services branch provides internal audit services, focusing on value for money reviews, to management throughout government. All government departments have access to internal audit services through annual audit plans or for high-priority matters.

Activities of the branch in 1999-2000 included:

- the completion of 65 audits during the year (1998-1999: 69). Of these 17 (1998-1999: 13) were value for money audits, 30 (1998-1999: 33) were primarily compliance focused with some review of management practices, and 18 (1998-1999: 23) were other engagements, based on assignments greater than 100 hours; and
- an annual report, summarizing the audit activities for the year and the projects planned for the upcoming year was prepared for each department.

3 (e) Internal Audit and Consulting Services

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,626.9	29.50	1,885.6	(258.7)	
Other Expenditures	205.2		223.6	(18.4)	
Total Sub-Appropriation	**1,832.1**	**29.50**	**2,109.2**	**(277.1)**	

Enterprise System Management

The Enterprise System Management (ESM) branch supports the business and administrative requirements of the government by providing dependable, cost-effective protection, maintenance and enhancement capabilities in support of the enterprise-wide Integrated Finance/Procurement and Human Resource/Payroll management system (SAP). SAP is a government-wide system implemented within all government departments and certain specific organizations/entities.

The branch:

- manages system improvements or enhancements by defining and prioritizing these in conjunction with government departments;
- analyses, designs and builds solutions to support government-wide business requirements and ensures the system is current with all legislative and policy changes;
- configures and tests Finance, Procurement, Human Resource (HR) and Payroll processes/modules;
- provides expert support to end-users in all government departments; and
- manages technology and infrastructure required to deliver the SAP product in the Manitoba environment.

The branch focused activity during the 1999-2000 fiscal year on support and stabilization of the recently introduced SAP corporate management system. Emphasis was directed at end-user classroom training, custom report development continued refinement of system configuration, and clarification and implementation of internal operating procedures.

Outcomes included the provision of 650 end-user classroom training sessions, the development and deployment of approximately 100 custom reports, as well as the implementation of enhanced branch processes and standards to optimize service provision. In addition, key accomplishments included first-time application of the SAP system in completing calendar year-end requirements (T4 and T4A production), fiscal year-end requirements (public accounts), and newly introduced asset capitalization requirements (fixed asset accounting). These activities, in large part, were required to complete the initial development and implementation of Manitoba's corporate SAP system.

Due to the nature of this work, the identified activities require both operating and capital expenditures. Capital expenditures of $10.2 million are reported under Part B-Capital Investment while operating costs of $4.0 million reflect the transition from system development to system sustainment and relate specifically to ongoing hardware leases, contractual software maintenance and salary expenditures.

3 (f) Enterprise System Management

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,432.9	4.00	1,722.3	(289.4)	*1*
Other Expenditures	2,598.2		2,810.8	(212.6)	
Total Sub-Appropriation	**4,031.1**	**4.00**	**4,533.1**	**(502.0)**	

1. Under expenditure reflects savings in overtime costs and reduced salary costs.

TAXATION DIVISION

The Taxation Division is responsible for efficiently and effectively administering the following Provincial Taxation Acts and ensuring proper revenues are collected as provided in these Acts:

The Corporation Capital Tax Act
The Gasoline Tax Act
The Health and Post Secondary Education Tax Levy Act
The Mining Tax Act
The Motive Fuel Tax Act
The Retail Sales Tax Act
The Revenue Act, Part 1
The Tobacco Tax Act
The continuing phase-out of the Manitoba Succession Duty and Gift Tax Acts

- Actual revenues under the Taxation Acts for the 1999-2000 fiscal year were $1,676,108,600 which exceeded the estimated revenues by $12,196,600. The major variances from the estimate are as follows:
- Corporation Capital Tax revenues exceeded the estimate by $8,544,300 resulting from corporate growth and increased investments and profits due to the strong economy;
- Retail Sales Tax revenues exceeded the estimate by $7,766,500 as a result of the strong economy;
- Mining Tax revenues exceeded the estimate by $4,062,100 reflecting stronger than anticipated world nickel prices;
- Revenue Act Tax revenues exceeded the estimate by $1,955,700 as a result of increased consumption by two manufacturers; and
- Levy for Health and Education Tax fell short of the estimate by $4,745,000 as a result of a slightly lower growth in payroll than anticipated and significant reductions in manufacturing.

Taxation Division
Comparative Statement of Actual Revenues ($000s)
For Fiscal Years Ending March 1996 to March 2000

	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Corporation Capital Tax	103,143.1	108,690.8	118,687.8	120,166.6	134,544.3
Gasoline Tax	153,684.8	153,019.8	152,156.7	155,672.9	154,373.4
Levy for Health & Education	195,197.1	208,592.8	216,194.0	224,121.8	225,255.0
Succession Duty and Gift Tax	499.1	39.7	39.7	39.7	39.7
Mining Claim Tax	71.7	71.6	71.1	71.3	71.1
Mining Tax	40,092.1	6,763.6	24,304.4	2,765.0	7,262.1
Motive Fuel Tax	62,711.0	65,286.3	65,928.4	68,711.5	64,060.0
Pari-Mutuel Tax	2,774.1	2,674.0	0.0	0.0	0.0
Retail Sales Tax	721,511.1	761,373.0	830,142.2	882,708.8	917,666.5
Revenue Act, 1964, Part I	49,792.6	50,958.4	51,756.6	55,330.3	56,955.7
Tobacco Tax	112,424.8	109,637.9	112,752.4	114,919.4	112,531.5
Environmental Protection Tax	2,859.2	2,741.2	2,823.6	2,995.0	3,349.5
Total	1,444,760.7	1,469,849.1	1,574,856.9	1,627,502.3	1,676,108.6

Management and Research

The purpose of the Management and Research branch is to ensure the effective management and application of provincial Taxation Statutes. The government's taxation requirements are conveyed by providing tax expertise and direction to the Taxation Administration and Audit branches and providing necessary information to taxpayers and to businesses that collect the taxes.

The major objectives of this branch are to:

- provide management, leadership and policy assistance on statutes administered by the Taxation Division;
- maintain an effective tax-gathering system that applies the legislation consistently and ensures the collection of the tax revenues imposed by the Acts administered by the Taxation Division;
- implement new tax legislation as directed;
- respond accurately and promptly to enquiries from tax collectors and taxpayers;
- develop taxation revenue and expenditure forecasts, and analyse variances from budgeted amounts;
- inform the Minister and Deputy Minister of tax revenue options, and recommend required changes to upgrade the effectiveness of legislation and tax administration policy;
- develop and update tax interpretation manuals for the use of Taxation Division staff, and tax bulletins to properly inform businesses of tax collection and remittance requirements; and
- provide tax management expertise and direction as needed to maximize the effectiveness of the Taxation Administration and Audit branches, and to co-ordinate the efforts of all three branches on the implementation of new programs.

Activities undertaken by the branch during the year included the following:

- provided the Minister of Finance and the Deputy Minister with recommendations for changes in legislation and policy, evaluated the administrative and revenue implications of changes being considered by the Government and implemented the changes as directed;
- prepared official communications, including ministerial responses regarding taxation matters;
- related with other departments, jurisdictions, businesses that collect the taxes, taxpayers and associations on taxation matters;
- prepared financial forecasts and analyses in order to assist in strategic taxation planning;
- trained and developed staff;
- developed, implemented and monitored management performance action plans;
- consolidated branch staff into a single location, allowing for more effective information sharing and allocation of resources;
- developed and implemented new taxation policy and administration procedures and informed Division staff and the taxpayer community;
- researched and developed tax interpretations and bulletins to inform businesses of the tax requirements;
- liased with Canada Customs and Revenue Agency (CCRA) and other jurisdictions on cooperative information exchanges and other taxation administration and management issues;
- continued participation in the Better Systems Initiative to enhance public services; and
- participated in the development of the department's business plan.

The results obtained during 1999-2000 include:

- revenues collected as imposed by the taxation acts;
- maintained a fair, effective and efficient tax-gathering system, with a sufficient deterrent to tax avoidance or evasion;
- evaluations regarding the implications of administrative and revenue options being considered by the Government were developed on a timely basis;
- new legislation implemented on time and in an efficient and effective manner;
- official communications prepared in a timely manner;
- set of key information bulletins developed and/or updated;

- financial forecasts and analyses prepared in a timely manner;
- Taxation Division's resources effectively and efficiently controlled and utilized; and
- Taxpayer queries answered in a timely manner, promoting self-compliance.

4 (a) Management and Research

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	986.5	18.50	1,089.1	(102.6)	
Other Expenditures	175.3		162.5	12.8	
Total Sub-Appropriation	**1,161.8**	**18.50**	**1,251.6**	**(89.8)**	

Taxation Administration

The Taxation Administration branch exists to facilitate the effective and efficient administration and collection of taxes from taxpayers, as required by legislation, regulation and policies, and to provide information to its clients.

The staffing complement for the 1999-2000 fiscal year was 64.42 staff positions. The branch is production oriented and provides processing services and information to Manitoba taxpayers and provides the administrative needs of the other two branches of the Taxation Division. The Taxation Administration branch is responsible for ensuring the prompt and accurate processing of over $1.7 billion in tax revenues annually from the eight taxing statutes administered by the Taxation Division.

The statutes administered are: The Retail Sales Tax Act, The Gasoline Tax Act, The Motive Fuel Tax Act, The Mining Tax Act, The Tobacco Tax Act, The Corporation Capital Tax Act, The Health and Post-Secondary Education Tax Levy Act and Part I of The Revenue Act.

The objectives obtained during 1999-2000 include:
- accurate processing of tax revenue received;
- provide an effective and efficient tax gathering system;
- training and development of staff;
- ensure tax rolls for each statute reflect the most current data available;
- proper reporting of the collection of taxes;
- accurate refunds within minimum delays;
- promote essential tax information to the taxpayer; and
- effectively reduce outstanding tax arrears and delinquent tax returns.

Activities undertaken by the branch during the year included the following:
- provided field services to taxpayers on tax interpretations, remittance procedures, licensing and other requirements of the Acts and Regulations;
- collection of outstanding tax arrears and delinquent tax returns are actioned with a view to minimizing losses;
- ensure taxation data bases are promptly updated and accurately reflect the current status for each taxpayer;
- ensure remittance forms are produced and mailed at the required times to ensure tax revenues are received in a timely fashion;
- ensure refunds of tax are accurate and are produced with a minimum of delay;
- ensure fuel sampling is conducted to provide compliance with legislation;
- maintained filing systems to provide the necessary historical data on each taxpayer as required by all areas within the Taxation Division;
- recommended related policy change options and possible amendments to the acts;
- trained and developed staff;

- developed, implemented and monitored a management performance action plans;
- recorded and transmitted monthly to the Tire Stewardship Board, the tire levy that is collected on behalf of the Board; and
- participated in the Better Systems Initiative working toward integration of the Taxation statutes and single window access by taxpayers.

The results obtained during 1999-2000 include:
- collection of tax imposed by the acts;
- maintenance of an effective and efficient tax-gathering system;
- current tax rolls;
- taxpayers and the general public provided with information necessary to comply with the statutes; and a Provincial Auditor's report indicating proper recording and collection of taxes.

The Taxation Statutes for which the Taxation Administration branch is responsible are as follows:

The Retail Sales Tax Act

This Act levies a tax on certain services and goods purchased in Manitoba, or brought into the Province for consumption. The tax rate of 7% is calculated on the retail-selling price excluding the Goods and Services Tax. In 1995, the Taxation Division entered into an agreement with the Tire Stewardship Board to process tire levy remittances. The applicable revenue and information is transmitted to the Tire Stewardship Board on a monthly basis.

The Health and Post Secondary Education Tax Levy Act

This Act imposes a tax on employers' total annual gross remuneration paid to their employees. In 1999, employers whose total annual gross remuneration paid to their employees was less than $1,000,000 were exempt from paying the levy (associated corporations are required to share the exemption). Employers whose total annual gross remuneration paid to their employees exceeded $1,000,000 but was less than $2,000,000 paid tax on the portion over $1,000,000 at a rate of 4.3%. Employers whose total annual gross remuneration paid to their employees exceeded $2,000,000 paid tax at a rate of 2.15%.

The Corporation Capital Tax Act

This Act imposes a tax on corporations' taxable paid up capital as defined in the Act. In general terms, taxable capital is "net funds" invested in corporations. "Funds" include all types of investments such as mortgages, loans and shareholders' equity. If the taxable paid up capital is less than $5,000,000 the corporation is exempt from this tax. Associated corporations are required to share the exemption. The tax rate is 0.3% of the taxable paid up capital with an additional 0.2% surtax on the taxable capital in excess of $10,000,000. Banks and trust and loan companies are taxed based on the shareholder equity at a rate of 3%.

The Gasoline Tax Act

This Act imposes a per litre tax on all purchases of gasoline, aviation fuel and gasohol, subject to certain exemptions (coloured fuel used for farming, fishing, trapping, logging and aviation fuel for international cargo).

The Motive Fuel Tax Act

This Act imposes a per litre tax on all purchases of petroleum products used in the operation of an internal combustion engine or for commercial heating, that are not taxable under The Gasoline Tax Act, subject to certain exemptions (coloured fuel used for farming, fishing, trapping, logging and domestic home heating).

The Taxation Administration branch administers the International Fuel Tax Agreement (IFTA) whereby truckers licensed in Manitoba are allowed to file a tax return which accounts for all jurisdictions travelled. The branch is responsible for verifying the return and either issue recovery notices or refunds to other IFTA member jurisdictions.

The Tobacco Tax Act

This Act imposes a tax on the purchase of cigarettes, fine cut tobacco, cigars and other tobacco products.

Part I of The Revenue Act

This Act imposes a 7% tax on the purchase price of electricity, coal, and natural and manufactured gas delivered by a pipeline. Special exemptions are provided for the heating of domestic dwellings and farm buildings. The tax rate for electricity used directly for manufacturing and mining has been reduced to 1.4%.

The Mining Tax Act

This Act imposes a tax on the profits of mining operations (after allowing a processing allowance).

Operational Results

Operational results for the 1999-2000 fiscal year include 109,237 registered vendors, collectors and deputy collectors and 359,492 returns generated per annum.

The Administration branch also processed 15,010 refunds (representing $53,807,609) and chargebacks (representing $2,004,000).

As at March 31, 2000, there were service stations operating on 46 Indian Reserves who had entered into an agreement with the Province to provide tax-free fuel to Status Natives. A total of $7,055,849 representing 1,865 claims was disbursed under this program during the 1999-2000 fiscal year for both diesel and gasoline fuel.

In the 1999-2000 fiscal year, the Manitoba Government continued to negotiate agreements with Indian Bands to provide a tobacco tax exemption for tobacco products sold to Status Natives on reserves. As at March 31, 2000 there were 56 Indian Bands who had entered into agreements. A total of $6,192,998 representing 904 claims was disbursed under this program during the fiscal year.

Collections

The Collections and Field Services Section is responsible for the collection of all outstanding taxes and delinquent returns, statute interpretation and taxpayer compliance with the various statutes administered by the Taxation Division. The section accomplishes the above by telephone contact, enforcement action, visits, examination of records, fuel sampling programs and the review of bulk plant operations. This section is staffed by 1 Manager, 3 Supervisors, 10 Collection Officers, 6 Field Service Officers, 1 Bulk Sale Clerk and an Administrative Support Clerk.

Collection recoveries for the 1999-2000 fiscal year for the three major statutes (Retails Sales Tax, Health and Post Secondary Education Levy and Corporation Capital Tax) were $24,297,882.

4 (b) Taxation Administration

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	2,534.0	64.42	2,522.3	11.7	
Other Expenditures	13,873.3		4,095.2	9,778.1	*1*
Total Sub-Appropriation	**16,407.3**	**64.42**	**6,617.5**	**9,789.8**	

1. Over expenditure is primarily due to a provision for taxation receivables deemed uncollectable, litigation costs and an increase in claims processed under the Visitor Rebate Program.

AUDIT

The purpose of the Audit branch is to ensure that all taxes administered by the Taxation Division are remitted to the province, through the promotion of voluntary compliance by taxpayers (including all collectors and registrants).

The Audit branch is structured into four operational units:

- **Audit** comprises two groups - Desk Audit and Field Audit; these groups are responsible for conducting audits of taxpayers under various Taxation Statutes administered by the Taxation Division;

- **Audit Review** is responsible for the quality review of audit files, file selection, workload development and for the development of audit policies and procedures;

- **Investigations** is responsible for gathering evidence and the investigation of violations of taxation statutes administered by the Taxation Division; and

- **Westman Regional Office** provides a rural perspective to tax policy development and operational programs, responsibility for all audit functions as well as investigations in Western Manitoba, provides taxpayer services and conducts collection activities for areas outside Winnipeg to reduce arrears and delinquent accounts.

The major objectives of this branch are to:

- develop an efficient and effective audit program focused on high risk areas and throughout the cross-section of industries;
- develop an efficient and effective investigation program where violations under the Taxation Statutes are detected;
- develop an efficient and effective collection program to recover taxes not reported or remitted;
- provide accurate information in a timely manner to businesses relating to tax interpretation of the Taxation Statutes;
- develop branch policies and procedures which ensure fair and consistent tax application to all businesses and which improve branch efficiency and effectiveness.

Activities undertaken by the branch during the year included the following:

- conducted audits under the various statutes to ensure proper remittance of taxes and promote voluntary compliance by taxpayers;
- continued to refine a comprehensive computerized Management Reporting System to aid management and staff in controlling, monitoring and evaluating results achieved in the audit and audit review sections;
- issued various policies and procedures to all staff to assist in the performance of audits and investigations;
- drafted position papers regarding legislation and participated in the development and drafting of legislation and regulations;
- conducted training sessions for the staff of the Audit branch on new policies and procedures issued, on the operation of lap top computers and on legislative amendments under various taxation statutes to aid audit staff in the performance of audits;
- participated with Canada Customs and Revenue Agency and other provinces to develop co-operation and implement exchange of information on audits and investigations;
- conducted audits and reviews of the fuel and tobacco tax exemption systems on Indian Reserves;
- as part of the National Fuel Tax project:
  - participated in a steering committee of the project - which is working on common definitions and legislation and more co-operation at border points; and
  - participated in the Audit Committee - which is endeavouring to establish uniform fuel tax auditing and reporting on a national basis;

- participated in the Better Systems Initiative - a project aimed at improving public services through streamlined processes and the use of technology;
- conducted audits of tire vendors on behalf of the Tire Stewardship Board;
- conducted fuel sampling in the Westman and other rural areas to detect the improper use of tax exempt coloured fuel;
- developed a plan for performing audits of taxpayers using computer assisted audit techniques and software.
- provided direct support to numerous taxpayers in person and by telephone through the Westman Regional Offices, in the form of information on taxation statutes, applications for registration, information display booths at major commercial exhibitions, International Fuel Tax Agreement (IFTA) applications as well as receiving monthly returns and payments;
- performed collection activities on delinquent and over due accounts in Westman and other rural areas;
- Continued training staff in IFTA audit programs and computer software and hardware, and continued conducting IFTA audits;
- increased awareness of tax evasion and the underground economy with managers of investigative bodies of Provincial government and Crown corporations by arranging meetings to exchange information;
- developed, implemented and monitored management performance action plans;
- participated in various conferences with other provincial, federal and state taxing jurisdictions for the purpose of exchanging audit and investigative information and to ensure that the Audit branch is informed on developments in other taxing jurisdictions;
- participated in joint force investigations with Federal agencies and other provinces regarding Tobacco Tax, Retail Sales Tax, Gasoline Tax and Motive Fuel Tax and IFTA; and
- drafted communications for the Minister, the Deputy Minister and the Assistant Deputy Minister of Finance.

The results obtained during 1999-2000 include:

- conducted audits which recovered tax not reported and/or not remitted;
- conducted investigations and prosecuted tax evaders;
- conducted collection activities which collected tax from businesses that were in arrears or delinquent;
- responded to taxpayer queries in a timely manner;
- policies and procedures developed and/or updated.

Audit		
Winnipeg - Number of Staff	67	
Westman - Number of Staff	10	
Completed refunds		315
Completed files		1,607
Audit recoveries		$ 25,108,145
Investigations		
Winnipeg - Number of Staff	13	
Westman - Number of Staff	1	
Completed files		250
Charges		210
Convictions		133
Fines		$ 42,958
Recoveries		$ 441,684
Taxpayer Services		
Westman - Number of Staff	5	
Units of action		9,679
Charges/convictions		12
Recoveries		$ 3,155,525

Audit Review

Winnipeg - Number of Staff	4
Reviewed audit files	531
Reviewed Notices of Assessments	98

4 (c) Audit

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	4,889.5	100.00	5,577.6	(688.1)	*1*
Other Expenditures	1,009.7		1,114.6	(104.9)	
Total Sub-Appropriation	**5,899.2**	**100.00**	**6,692.2**	**(793.0)**	

1. Under expenditure is due to position vacancies.

Tobacco Interdiction

The purpose of this program is to protect the revenues of the Government under the Tobacco Tax Act. This program was implemented to counter against the increased risk of smuggling of lower taxed tobacco products from Eastern Canada to Manitoba and the Western provinces.

The Tobacco Interdiction program is made up of a combination of staff seconded from the Investigations group, the hiring of investigators and auditors on a casual/term basis specifically for this program and investigations staff provided by the Canada Customs and Revenue Agency.

The major objectives of this program are to:

- maintain an effective tax gathering system through the presence of an enforcement profile that will promote voluntary compliance by taxpayers and tax collectors;
- develop audit and investigation programs which detect tax evaders;
- prosecute tax evaders; and
- provide information to taxpayers on proper tax collection and remittance requirements.

Activities undertaken under this program during the year included the following:

- participated in investigations with the RCMP and Canada Customs of contraband tobacco interdiction violations;
- liaised with counterparts in the Departments of Finance in Saskatchewan, Alberta and British Columbia on a regular basis to co-ordinate the investigation and prosecution of the smuggling of contraband tobacco into Western Canada;
- liaised with counterparts in the Departments of Finance in Eastern Canada to solicit their assistance and co-operation in the tobacco interdiction program;
- developed and implemented a program of co-operation with Health Canada, to combat the sales of cigarettes to minors in Manitoba, utilizing two casual investigators fully funded by Health Canada and Manitoba Health;
- refined the program to stop the illegal importation of tobacco from Eastern Canada into the Western provinces;
- developed policies, programs, procedures and information for taxpayers which result in the most efficient and effective utilization of resources to achieve compliance;
- recommended related policy change options and possible amendments to the Acts, evaluated the implication of changes being considered by the Government and implemented the changes as directed;

- conducted audits of tax collectors and taxpayers relating to the smuggling of tobacco products and other violations of the Act;
- prosecuted tax evaders;
- liaised with law enforcement agencies, including Winnipeg Police Service, Canada Customs, RCMP, Ontario Provincial Police, Brandon Police Service and Kenora Police Force;
- updated a smuggler profile for use by law enforcement agencies to intercept major shipments;
- liased with the Winnipeg Police Service Airport Detachment to assist in detection and prosecution of contraband shipments of tobacco by air;
- maintained a program of interaction with the transportation industry;
- continued to co-operate with other provincial agencies and Crown corporations in assisting investigations into tobacco smuggling;
- trained and developed staff;
- continued to refine management performance action plans; and
- responded to media requests for information on the interdiction program.

The results obtained during 1999-2000 include:

- maintained an effective tax gathering system which protects revenues under the Tobacco Tax Act;
- conducted audits which recovered taxes not reported and/or not remitted;
- conducted investigations and prosecuted tax evaders;
- conducted inspections to detect the sales of cigarettes to minors and prosecuted violations; and
- responded to taxpayer queries in a timely manner.

Tobacco Interdiction

Investigations Staff — 10 Equivalent Full Time *
2 Other **

Completed files	138
Charges	84
Convictions	40
Fines	$ 31,270
Recoveries	$ 369,180

* In addition, staff of the Audit branch are also involved in Tobacco Interdiction investigative duties.
** Federal Government positions operating in partnership with Tobacco Interdiction investigations.

4 (d) Tobacco Interdiction

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	402.4	10.00	578.8	(176.4)	*1*
Other Expenditures	252.8		253.4	(0.6)	
Total Sub-Appropriation	**655.2**	**10.00**	**832.2**	**(177.0)**	

1. Under expenditure is due to position vacancies and revised program scheduling.

FEDERAL-PROVINCIAL RELATIONS AND RESEARCH DIVISION

The Federal-Provincial Relations and Research Division is comprised of the Economic and Federal-Provincial Research unit and the Manitoba Tax Assistance Office.

The Division's primary goals are:

- to provide research, technical and analytical support in respect of national and provincial fiscal and economic matters and intergovernmental financial relations, including cost-shared programs; and
- to administer fiscal arrangements and tax collection agreements with the Federal Government and to administer tax credit programs with the federal government and municipalities.

Economic and Federal-Provincial Research

The major functions fulfilled by Economic and Federal-Provincial Research are:

- providing the Government with research and technical support with respect to national and Provincial fiscal and economic matters and intergovernmental financial relations, and to fulfill the Department's specific economic and fiscal information requirements;
- providing advice and policy analysis with respect to a broad range of economic and fiscal matters including revenue and expenditure policies;
- serving as the principal administrative unit of the province for the Income Tax Act (Manitoba), the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act and the Tax Collection Agreement with the Federal Government;
- advising on policies relating to Federal-Provincial fiscal and economic relations;
- supporting provincial policy, and advancing provincial fiscal interests while representing the Province in various meetings and committees; and
- administering Tax Credit programs with the federal government and municipalities.

Major areas of responsibility include intergovernmental fiscal relations, economic and fiscal policy analysis and tax policy formulation. Accordingly, the Economic and Federal-Provincial Research unit is comprised of an Administrative Unit and three branches:

- Intergovernmental Finance branch;
- Economic and Fiscal Analysis branch; and
- Taxation Analysis branch, which is also responsible for the Tax Assistance Office.

The Division's senior staff consists of an Assistant Deputy Minister and the Directors of the three branches.

Intergovernmental Finance

The Intergovernmental Finance branch includes five staff positions.

The branch Director and staff undertake ongoing analysis and interpretation of intergovernmental fiscal transfers in respect of personal and corporate income tax collections, federal financing for health, higher education and social programs, equalization, fiscal stabilization and some aspects of provincial/local government fiscal arrangements.

Total Provincial revenues governed by Federal-Provincial fiscal arrangements and administered by the branch in 1999-2000 amounted to $1,611.2 million in individual income tax; $306.8 million in corporation income tax; $1,271.7 million in equalization payments; $509.2 million in cash payments for social programs; $130.6 million for the Federal Health/CHST Supplement; and $2.2 million in other unconditional subsidies.

The Intergovernmental Finance branch also provided support in administering Provincial-Municipal Tax-Sharing payments.

The Intergovernmental Finance branch provides fiscal analysis necessary for the Minister and Cabinet to develop the Budget, and co-ordinates the production of the Budget and related documents.

The branch Director and staff represent the Province at Federal-Provincial meetings and on working groups on fiscal data, fiscal arrangements and other Finance issues. In addition, the branch also provides support to the Manitoba Minister on the Council on Social Policy Renewal, and participates on interprovincial working groups in this region.

Revenue from Federal-Provincial Fiscal Arrangements ($000's) For Fiscal Years Ending March 1996 to March 2000

	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Income Taxes					
Individual Income Tax	1,314,553.0	1,411,928.6	1,431,075.7	1,807,157.5	1,611,231.5
Corporation Income Tax	177,479.6	241,233.6	192,702.8	215,227.9	306,819.4
Sub Total	1,492,032.6	1,653,162.2	1,623,778.5	2,022,385.4	1,918,050.9
Federal Transfers					
Equalization	1,064,909.0	1,086,931.0	1,164,320.0	912,382.0	1,271,747.0
Social Transfers:					
- Canada Health and Social Transfer	-	585,778.6	507,139.4	513,301.0	509,247.0
- Established Programs Financing	436,269.0	-	-	-	-
- Canada Assistance Plan [1]	331,107.1	35.2	(3,177.6)	2,139.5	-
- Federal Health/CHST Supplement	-	-	-	-	130,594.8
Other Transfers	2,252.5	2,252.5	2,252.5	2,246.1	2,247.7
Sub Total	1,834,532.6	1,674,997.3	1,670,534.3	1,430,068.6	1,913,836.5
Total from Fiscal Arrangements	3,326,570.2	3,328,159.5	3,294,312.8	3,452,454.0	3,831,887.4

1. *The Canada Assistance Plan (CAP) was eliminated with the introduction of the Canada Health and Social Transfer (CHST). Amounts prior to 1996-1997 are displayed for comparative purposes only. 1996-1997 and subsequent amounts arise as a result of final adjustments under the plan.*

Economic and Fiscal Analysis

The Economic and Fiscal Analysis branch includes four staff positions.

The branch's mandate is to provide economic and fiscal analysis of national and regional matters for the Minister and Cabinet, as well as for use by various departments in policy development and Estimates preparation.

The branch monitors and reviews a wide variety of private sector and public sector analyses and forecasts, and maintains an extensive information base in order to meet its objective.

The branch Director and staff represent the Province on Federal-Provincial committees and working groups and provide economic analytical support for Finance Ministers' and First Ministers' meetings. As well, the branch provides interdepartmental co-ordination of economic analysis through the Interdepartmental Economic Outlook Group.

The branch prepares the Economic Review presented with the Budget. It also provides the technical and analytical input to multi-year fiscal projections including the Medium-Term Fiscal Plan.

An important and ongoing task of the branch is to prepare major components of Provincial borrowing prospectuses and securities registration with regard to economic and financial data, and to represent the Province in "due diligence" examinations of borrowing documents. A related task is to prepare major presentations and publications for financial institutions and credit-rating agencies.

The branch also responds to numerous requests for information on the Manitoba economic and fiscal situation from Canadian and international investment analysts as well as from companies, organizations and individuals in Manitoba.

Taxation Analysis

The Taxation Analysis branch has six staff positions assigned with a further six staff positions in the Manitoba Tax Assistance Office.

The Taxation Analysis branch maintains databases and analytic models, and develops recommendations for the Minister and Cabinet for taxation policy and for specific tax measures and tax credits. Tax measures are implemented through Budgets and legislation of the Province and, for income taxes, through the Federal-Provincial Tax Collection Agreement.

The branch is responsible for analyzing the fiscal and economic effects of federal tax measures and proposals. This work entails participation in the relevant Federal-Provincial working groups, representing the Province at various Federal-Provincial meetings, and providing advice for ministerial meetings.

The branch supervises the Tax Assistance Office and the several programs administered in that office. These include the Manitoba Tax Credit programs and several programs related to Manitoba personal income tax. These programs benefit approximately 500,000 Manitobans annually. The Tax Assistance Office also provides information and assistance to Manitobans in completing the provincial portion of their income tax returns.

Net Tax Credit Payments

10 Net Tax Credit Payments

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Property Tax Credit	117,151.3		119,870.0	(2,718.7)	
Cost of Living Tax Credit	54,745.3		55,630.0	(884.7)	
Learning Tax Credit	12,165.4		15,000.0	(2,834.6)	
Pensioners' School Tax Assistance	3,852.4		4,140.0	(287.6)	
Political Contribution Tax Credit	1,139.5		1,300.0	(160.5)	
Federal Administration Fee	836.4		860.0	(23.6)	
Less: Recoverable from Education and Training -	(12,165.4)		(15,000.0)	2,834.6	
Total Sub-Appropriation	**177,724.9**		**181,800.0**	**(4,075.1)**	*1*

1. *Under expenditure for the Property Tax Credit Is due to the impact of recoveries arising from increased auditing by the Tax Assistance Office and recoveries through the income tax system. Cost of Living Tax Credits were lower due to increased income offsets as taxpayers' incomes rise. The Learning Tax Credit has experienced lower than anticipated take-up.*

Administrative Unit

This unit, with a staff of four, provides administrative support, word processing, library and filing services, and research support to the Assistant Deputy Minister and the branches of the Division.

Results:

- The Minister and Cabinet are provided with timely and accurate information with regard to major fiscal, economic and taxation issues, including intergovernmental implications.
- Preparation and delivery of necessary reports and presentations to facilitate the conduct of the province's fiscal affairs, including support for the borrowing program.
- Benefits to Manitoba from fiscal arrangements are maximized.

5 (a) Economic and Federal-Provincial Research

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,103.1	19.25	1,241.7	(138.6)	
Other Expenditures	474.3		366.0	108.3	*1*
Total Sub-Appropriation	**1,577.4**	**19.25**	**1,607.7**	**(30.3)**	

1. *Over expenditure is due to advertising and publication costs associated with 1999-2000 budget and the mail out of the Budget in Brief to every resident Manitoba as well as increases in other operating expenditures.*

Manitoba Tax Assistance Office

The major functions fulfilled by the Manitoba Tax Assistance Office include:

- informing and assisting taxpayers on the proper application of Tax Credit programs for residents of Manitoba;
- administering elements of the Pensioners' School Tax Assistance;
- administering all elements of the Residential Homeowners' Tax Assistance program;
- enforcing the provisions of the legislation governing Income Tax Refund Discounting, New Small Business, Vow of Perpetual Poverty, Net Medical Expenses, Capital Gains refunds and Farm Income Tax refund programs; and
- recovering Resident Homeowner Tax Assistance and Pensioners' School Tax Assistance granted to individuals who are ineligible.

The major activities include:

- providing information to taxpayers claiming any of the above programs referred above and administering these programs with Revenue Canada;
- responding to enquiries and processing benefit applications;
- contacting individuals by correspondence and telephone to recover current and prior year ineligible amounts of Resident Homeowner Tax Assistance and Pensioners' School Tax Assistance; and
- preparing Year of Death Income Tax Returns for clients whose income is $14,000.00 or less.

Results:

Residents of Manitoba receive benefits to which they are entitled under the legislation.

5 (b) Manitoba Tax Assistance Office

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	205.3	6.00	242.5	(37.2)	
Other Expenditures	63.1		60.1	3.0	
Total Sub-Appropriation	**268.4**	**6.00**	**302.6**	**(34.2)**	

TREASURY BOARD SECRETARIAT

The Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board in fulfilling expenditure management responsibilities. The Secretariat is headed by a Deputy Minister who acts as Secretary to the Board.

The major functions fulfilled by the Secretariat include:

- monitoring, analyzing, and reporting on the financial position of the province;
- planning and coordinating the review and preparation of the annual estimates and participating in the development of the annual budget;
- providing analyses in support of the efficient and effective utilization/allocation of the province's financial and human resources, both in the context of the annual estimates process and on an ongoing basis throughout the year;
- undertaking reviews of specific program areas;
- developing and communicating policies, procedures and guidelines on administrative matters, and maintaining the General Manual of Administration;
- providing guidance to departments in the identification of potential special operating agency (SOA) candidates and in the development of proposals and business plans as well as monitoring and reporting on the operation of special operating agencies;
- providing guidance to departments on Manitoba Measures, a planning and performance measurement initiative.

The 1999-2000 Estimates of Expenditure and Revenue were tabled in the Legislature with The 1999 Manitoba Budget on April 6, 1999.

Fiscal Planning Office

The Fiscal Planning Office (FPO) is responsible for developing fiscal strategy and planning options for the Government of Manitoba. This is accomplished through the maintenance of an effective budget/planning cycle within an overall fiscal framework. The FPO develops, implements and coordinates the annual estimates process, and finalizes the estimates of expenditure and revenue for tabling in the Legislature. The FPO prepares money bills and support information for tabling in the Legislature, and develops and implements such processes that are necessary to maintain the orderly business of government.

The FPO is also responsible for monitoring the fiscal status of the government and preparing reports, ensuring that the government has accurate, timely and relevant information on its fiscal position. Financial and operational information is provided to senior management of the province to facilitate sound financial management of government programs.

Analytical Units

The three analytical units are aligned on a sectoral basis (Human Services; Economic and Sustainable Development; Community Services) and are responsible for providing ongoing analysis, advice and recommendations in support of the Treasury Board decision-making process, with respect to program, policy and financial direction to departments. The units monitor, analyze and advise on departmental activities, ensuring the effective, efficient and consistent delivery of government policies and priorities. In addition, the analytical units provide support and assistance to the Fiscal Planning Office.

The units are major participants in the development of the annual estimates of expenditure and revenue. They provide advice and guidance to assigned departments in the preparation of their estimates, analyze departmental estimates and evaluate whether they meet fiscal guidelines, and evaluate alternative strategies. They provide advice and recommendations to Treasury Board on program, policy and resource allocation issues, and they communicate and review Treasury Board decisions with assigned departments.

The analytical units provide ongoing advice and analysis to Treasury Board by reviewing departmental

Treasury Board Submissions and providing assessments and recommendations. Other activities include participating in departmental reviews and studies; providing advice to departments on Treasury Board guidelines and procedures, as well as on various policy and financial issues; monitoring the program and financial status of departments; analyzing and reporting on departmental financial information to ensure compliance with government policy and financial objectives; and working with senior departmental personnel to ensure that the necessary communication between Treasury Board and departments is maintained.

Administrative Policy Office

The Administrative Policy Office (APO) is responsible for two government-wide functions: (1) policy that is part of the ongoing government management process and (2) the Manitoba Measures initiative.

The Office develops, communicates, interprets, monitors and evaluates administrative policies. These policies direct, guide and assist departmental staff in managing government programs and resources in a way that reflects the government's fiscal strategy.

In the development phase of an administrative policy, the APO consults with other sections in the Secretariat and with departments to identify policy-related issues and potential solutions. In some cases, Treasury Board may give specific direction. To communicate administrative policies, the APO publishes the General Manual of Administration and updates it periodically. The APO also advises and provides direction to departments in the interpretation of administrative policies and procedures.

Manitoba Measures is a government-wide business planning and performance measurement initiative managed by APO. All departments prepare annual business plans and are in the process of establishing systems to measure the performance of programs. As these measurement systems become operational, there will be greater opportunity to demonstrate the effectiveness of programs and services in realizing longer-term goals.

Co-ordination of Special Operating Agencies

The Special Operating Agencies Financing Authority Act received Royal Assent on June 24, 1992 and provides for the establishment of special operating agencies (SOAs). Special operating agencies are service operations which are granted more direct responsibility for their operating results and have increased management flexibility to encourage entrepreneurship, enhance service, and reduce the cost to government. The Co-ordinator of Special Operating Agencies is responsible for providing guidance to departments in identifying potential SOA candidates and in developing proposals and business plans that are reviewed within the annual estimates process.

In 1992/93, Fleet Vehicles Agency was established as the first SOA in Manitoba and at the provincial level in Canada. It now serves government's transportation needs with 20% fewer vehicles at a cost saving of $6 million annually. Building on this success, the complement of SOAs has reached seventeen, representing 5% of the civil service and $107 million in business for government. In 1999-2000, SOAs reported $20 million in annual cost-savings, representing a 17% efficiency gain for government.

7 Treasury Board Secretariat

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	2,462.5	43.00	2,650.7	(188.2)	
Other Expenditures	541.2		610.2	(69.0)	
Total Sub-Appropriation	**3,003.7**	**43.00**	**3,260.9**	**(257.2)**	

OFFICE OF INFORMATION TECHNOLOGY

The Office of Information Technology (OIT) is responsible for overseeing the strategic deployment of computational resources for the Government of Manitoba. In 1999-2000 the OIT staff support was comprised of 23 staff positions.

Reporting to the Minister of Finance, OIT was organized into four areas to carry out its mandate.

- Chief Information Officer's Executive Office
- Technology and Infrastructure
  - Information Protection Centre
  - ManWeb
- Planning, Policy and Resources
- Development and Deployment
  - Better Systems Initiative (BSI)

OIT responsibilities:

- Review all IT plans for government departments and government-wide information-technology initiatives.
- Provide corporate resources for the core functions of information protection and security and the utilization of internal and external web services.
- Manage IT human resources including recruitment, training and retention.
- Coordinate procurement and outsourcing for IT investments.

Technology and Infrastructure

Information Protection Centre (IPC)

The IPC provided the organized resources to safeguard Manitoba's information technology assets. IPC's Threat Watch program, security awareness and virus detection software protected government IT systems, confidential information and electronic transactions.

A government wide Threat Risk Assessment (TRA) program began in 1999-2000. The TRA program identified weaknesses and vulnerabilities and recommended corrective actions to departments.

ManWeb

ManWeb managed Manitoba's portal to the Internet.

Planning, Policy and Resources

Architectural Configuration Control Board (ACCB)

The Architectural Configuration Control Board was established to maintain integrity and control over the government's information infrastructure. The Board is comprised of representatives from the OIT, including IPC and ManWeb and the Manitoba Highways and Government Services' Telecommunications branch and Desktop Management Unit.

Development and Deployment

The Development and Deployment unit of OIT was created to manage and deliver on selected corporate initiatives; develop guidelines and policy standards for applications development and to establish a pool of resources/capabilities for departments and corporate projects to draw upon. BSI was placed in the Development and Deployment unit.

Year 2000 Project

Preparation for Y2K was the largest technology project ever carried out by the Manitoba government. The project team assessed more than 40,000 pieces of equipment in health care facilities and government computer systems, taking all necessary steps to protect important services.

Manitoba Land Initiative (MLI)

MLI was created in June of 1999 as a corporate approach to land information management and geographic information systems (GIS). MLI is a cross-departmental partnership project to harmonize and provide direct access to government's land information from different departments on Intranet and Internet.

Better Systems Initiative (BSI)

BSI released one application in 1999-2000 - the Land Titles Index. The Manitoba government now has an index file for all Manitoba land titles on the Internet. Of primary interest to legal surveyors, the on-line service provides more information than the previous index card system. With a single data base index now available 24 hours a day, all users view and search a complete and up to date file.

8 Office of InformationTechnology

Expenditures by Sub-Appropriation	Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,490.4	23.00	1,639.5	(149.1)	
Other Expenditures	2,456.8		3,030.3	(573.5)	*1*
Less: Recoverable from Other Appropriations	(47.0)		(120.0)	73.0	*2*
Total Sub-Appropriation	**3,900.2**	**23.00**	**4,549.8**	**(649.6)**	

1. *Under expenditure is due to the unavailability of specific software requirements, equipment purchases, products and services.*
2. *Under recovery is due to a reduction in recoverable costs applicable to other departments.*

Capital Investment

Capital Investment is provided for in the Estimates of Expenditure under Part B. For the year ended March 31, 2000, the department's Capital Investment expenditure provided for additional development costs of the government-wide integrated financial, human resource and payroll management system (Better Methods Initiative) and a pilot project on a corporate electronic document management system. Support for internal reform initiatives involving the use of information technology in the delivery of government services, including the Better Systems Initiative are reported separately. Additional details are provided under the Enterprise System Management branch and the Office of Information Technology.

Part B Capital Investment

Expenditures by Sub-Appropriation		Actual 1999-2000 $(000s)	Estimate 1999-2000 FTEs	Estimate 1999-2000 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
B.3	Finance					
	Better Methods Initiative	10,199.2		6,700.0	3,499.2	
	Document Management Pilot	399.4		700.0	(300.6)	
	Total Sub-Appropriation	**10,598.6**		**7,400.0**	**3,198.6**	

Department of Finance
Reconciliation Statement
Part A – Operating Expenditure

$(000s)

Details	1999-2000 Estimate
1999-2000 Main Estimates	$698,522.8
Transfer of Functions from:	
Highways and and Government Services	217.5
Allocation of Funds from:	
Internal Reform, Workforce Adjustment and General Salary Increases	5,150.9
1999-2000 Estimate	**$703,891.2**

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2000 with comparative figures for the previous fiscal year ($000s)

Estimate 1999-2000		Appropriation	Actual 1999-2000	Actual 1998-1999	Increase (Decrease)	Explanation Number
	07- 1	ADMINISTRATION AND FINANCE				
27.0	(a)	Minister's Salary	27.0	26.1	0.9	
	(b)	Executive Support				
387.8		Salaries and Employee Benefits	411.8	349.5	62.3	
75.2		Other Expenditures	85.6	79.6	6.0	
	(c)	Management Services				
470.9		Salaries and Employee Benefits	450.4	432.7	17.7	
72.3		Other Expenditures	58.4	72.4	(14.0)	
20.0	(d)	Tax Appeal Commission	15.4	16.4	(1.0)	
75.0	(e)	Lower Tax Commission	175.4		175.4	1
1,128.2		Subtotal 07- 1	1,224.0	976.7	247.3	
	07- 2	TREASURY				
	(a)	Administration				
141.5		Salaries and Employee Benefits	168.2	133.2	35.0	2
118.1		Other Expenditures	76.0	82.8	(6.8)	
	(b)	Capital Finance				
292.3		Salaries and Employee Benefits	287.8	297.3	(9.5)	
37.3		Other Expenditures	36.2	33.7	2.5	
	(c)	Money Management and Banking				
425.0		Salaries and Employee Benefits	365.3	384.6	(19.3)	
258.9		Other Expenditures	248.9	217.8	31.1	
	(d)	Treasury Services				
510.2		Salaries and Employee Benefits	489.6	444.9	44.7	
48.3		Other Expenditures	45.6	47.6	(2.0)	
1,831.6		Subtotal 07- 2	1,717.6	1,641.9	75.7	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2000 with comparative figures for the previous fiscal year ($000s)

Estimate 1999-2000		Appropriation	Actual 1999-2000	Actual 1998-1999	Increase (Decrease)	Explanation Number
	07- 3	COMPTROLLER				
	(a)	Comptroller's Office				
136.3		Salaries and Employee Benefits	257.1	150.0	107.1	3
267.3		Other Expenditures	534.6	14.3	520.3	4
	(b)	Information Technology Services				
835.0		Salaries and Employee Benefits	350.8	355.9	(5.1)	
95.7		Other Expenditures	124.0	77.8	46.2	5
	(c)	Disbursements and Accounting				
1,913.2		Salaries and Employee Benefits	2,002.8	1,931.6	71.2	
1,057.0		Other Expenditures	1,070.6	1,523.2	(452.6)	6
(390.6)		Less: Recoverable from Other Appropriations	(339.1)	(525.5)	186.4	7
	(d)	Legislative Building Information Systems				
643.2		Salaries and Employee Benefits	626.1	610.6	15.5	
290.6		Other Expenditures	289.8	239.2	50.6	
	(e)	Internal Audit and Consulting Services				
1,885.6		Salaries and Employee Benefits	1,626.9	1,365.6	261.3	8
223.6		Other Expenditures	205.2	169.5	35.7	
	(f)	Enterprise System Management				
1,722.3		Salaries and Employee Benefits	1,432.9		1,432.9	9
2,810.8		Other Expenditures	2,598.2		2,598.2	9
11,490.0		Subtotal 07- 3	10,779.9	5,912.2	4,867.7	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2000 with comparative figures for the previous fiscal year ($000s)

Estimate 1999-2000		Appropriation	Actual 1999-2000	Actual 1998-1999	Increase (Decrease)	Explanation Number
	07- 4	TAXATION				
	(a)	Management and Research				
1,089.1		Salaries and Employee Benefits	986.5	938.6	47.9	
162.5		Other Expenditures	175.3	138.4	36.9	
	(b)	Taxation Administration				
2,522.3		Salaries and Employee Benefits	2,534.0	2,366.8	167.2	
4,095.2		Other Expenditures	13,873.3	4,528.1	9,345.2	10
	(c)	Audit				
5,577.6		Salaries and Employee Benefits	4,889.5	4,873.0	16.5	
1,114.6		Other Expenditures	1,009.7	861.6	148.1	
	(d)	Tobacco Interdiction				
578.8		Salaries and Employee Benefits	402.4	438.9	(36.5)	
253.4		Other Expenditures	252.8	299.3	(46.5)	
15,393.5		Subtotal 07- 4	24,123.5	14,444.7	9,678.8	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2000 with comparative figures for the previous fiscal year ($000s)

Estimate 1999-2000		Appropriation	Actual 1999-2000	Actual 1998-1999	Increase (Decrease)	Explanation Number
	07- 5	FEDERAL-PROVINCIAL RELATIONS AND RESEARCH				
	(a)	Economic and Federal Provincial Research				
1,241.7		Salaries and Employee Benefits	1,103.1	1,122.4	(19.3)	
366.0		Other Expenditures	474.3	383.0	91.3	
	(b)	Manitoba Tax Assistance Office				
242.5		Salaries and Employee Benefits	205.3	211.4	(6.1)	
60.1		Other Expenditures	63.1	53.3	9.8	
1,910.3		Subtotal 07- 5	1,845.8	1,770.1	75.7	
	07- 6	INSURANCE AND RISK MANAGEMENT				
294.5	(a)	Salaries and Employee Benefits	278.5	223.5	55.0	11
61.3	(b)	Other Expenditures	50.3	37.4	12.9	11
1,385.0	(c)	Insurance Premiums	1,160.1	1,131.8	28.3	
(1,385.0)	(d)	Less: Recoverable from Other Appropriations	(1,160.1)	(1,131.8)	(28.3)	
355.8		Subtotal 07- 6	328.8	260.9	67.9	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2000 with comparative figures for the previous fiscal year ($000s)

Estimate 1999-2000		Appropriation	Actual 1999-2000	Actual 1998-1999	Increase (Decrease)	Explanation Number
	07- 7	TREASURY BOARD SECRETARIAT				
2,650.7	(a)	Salaries and Employee Benefits	2,462.5	2,327.6	134.9	
610.2	(b)	Other Expenditures	541.2	589.4	(48.2)	
3,260.9		Subtotal 07- 7	3,003.7	2,917.0	86.7	
	07- 8	OFFICE OF INFORMATION TECHNOLOGY				
1,639.5	(a)	Salaries and Employee Benefits	1,490.4	735.5	754.9	12
3,030.3	(b)	Other Expenditures	2,456.8	1,491.0	965.8	12
(120.0)	(c)	Less: Recoverable from Other Appropriations	(47.0)		(47.0)	13
4,549.8		Subtotal 07- 8	3,900.2	2,226.5	1,673.7	
	07- 9	AMORTIZATION OF CAPITAL ASSETS				
785.8	07- 9	Amortization of Capital Assets	758.5		758.5	14
785.8		Subtotal 07- 9	758.5		758.5	
	07-10	NET TAX CREDIT PAYMENTS				
119,870.0		Property Tax Credit	117,151.3	116,897.0	254.3	
55,630.0		Cost of Living Tax Credit	54,745.3	55,506.0	(760.7)	
15,000.0		Learning Tax Credit	12,165.4	15,000.0	(2,834.6)	
4,140.0		Pensioners' School Tax Assistance	3,852.4	3,857.0	(4.6)	
1,300.0		Political Contribution Tax Credit	1,139.5	714.0	425.5	
860.0		Federal Administration Fee	836.4	870.0	(33.6)	
(15,000.0)		Less: Recoverable from Education and Training - Learning Tax Credit	(12,165.4)	(15,000.0)	2,834.6	
181,800.0		Subtotal 07-10	177,724.9	177,844.0	(119.1)	15

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2000 with comparative figures for the previous fiscal year ($000s)

Estimate 1999-2000		Appropriation	Actual 1999-2000	Actual 1998-1999	Increase (Decrease)	Explanation Number
	07-11	PUBLIC DEBT				
	(a)	Interest on:				
1,428,700.0		the Public Debt of Manitoba and related expenses	1,461,629.1	1,488,628.1	(26,999.0)	
60,500.0		Trust and Special Funds	55,825.6	63,430.3	(7,604.7)	
	(b)	Less: Interest and Other Charges received from:				
(9,700.0)		Manitoba Telecom Services Inc.	(7,318.1)	(18,429.9)	11,111.8	
(511,600.0)		Manitoba Hydro	(569,388.4)	(511,267.3)	(58,121.1)	
(37,200.0)		Manitoba Housing and Renewal Corporation	(36,721.8)	(37,627.5)	905.7	
(14,000.0)		Manitoba Agricultural Credit Corporation	(19,032.2)	(16,438.5)	(2,593.7)	
(15,700.0)		Other Government Agencies	(13,290.8)	(13,496.1)	205.3	
(68,200.0)		Other Loans and Investments	(62,625.1)	(81,086.5)	18,461.4	
(352,000.0)		Sinking Fund Investments	(343,756.3)	(358,347.0)	14,590.7	
480,800.0		Subtotal 07-11	465,322.0	515,365.6	(50,043.6)	16
703,305.9		Sub-Total Expenditures	690,728.9	723,359.6	(32,630.7)	
	15-1h	FRENCH LANGUAGE SERVICES SECRETARIAT				
207.5		Salaries and Employee Benefits	221.7	179.8	41.9	
377.8		Other Expenditures	359.5	49.6	309.9	
585.3		Subtotal 15-1h	581.2	229.4	351.8	17
703,891.2		Total Expenditures	691,310.1	723,589.0	(32,630.7)	

Manitoba Finance

Expenditure Variance Explanations

for expenditures for the fiscal year ended March 31, 2000 as compared to figures for the previous fiscal year

Explanation Number:

1. Increase is due to the costs associated with the establishment of the Lower Tax Commission in 1999-2000.
2. Increase is primarily due to the retirement and severance costs associated with the retirement of the previous Assistant Deputy Minister.
3. Increase is due to the retirement and severance costs associated with the retirement of the previous Comptroller.
4. Increase is due to the costs associated with the Financial Review Steering Committee.
5. Increase is due to the retention of a temporary consultant in lieu of hiring term staff to replace staff seconded to the Enterprise System Management and Better Systems initiatives and the full year costs associated with the desktop managed environment.
6. Decrease is essentially due to, and as a result of, the replacement and upgrading of the government's core financial accounting system implemented effective April 1, 1999.
7. Decrease in recoveries is essentially due to the reduced operating expenditures resulting from the replacement and upgrading of the government's core computerized accounting system. Current recoveries are only associated with payroll production and not voucher processing recoveries of the legacy system.
8. Increase is due to reduced position vacancies and staff completing their secondment to the Enterprise System Management and Better Systems initiatives.
9. Increase is due to the implementation of the government's corporate financial and human resource computerized system in 1999-2000.
10. Increase is due to the provision for taxation receivables deemed to be uncollectible and to settle litigation as well as increases in the visitor rebate program and the full year costs associated with the desktop managed environment.
11. Increase is due to the addition of an Agency Claims & Loss Prevention Manager and the costs associated with the development of a claims management package.
12. Increase is due to the continuing activities and increasing scope of the Office of Information Technology in its program delivery and implementation of technology initiatives.
13. Increase is due to recovery of costs for services provided to other departments.
14. Increase is due to the provision for the amortization of capital assets in 1999-2000.
15. Decrease is due to higher income offsets as taxpayers' incomes rise, and continued recoveries through the income tax system.
16. Decrease is due recovery of interest payments from various agencies as well as a decrease in costs related to interest rates and increases in other income offset by an increase in costs due to foreign exchange rates (U.S. dollar).
16. Increase reflects the provision for he four-person French Language Services Facilitator Team and the establishment of the first three of six bilingual government service centres.

Manitoba Finance

Revenue Summary

for the fiscal year ended March 31, 2000 with comparative figures for the previous fiscal year ($000s)

Actual 1998-1999	Actual 1999-2000	Increase (Decrease)		Source	Actual 1999-2000	Estimate 1999-2000	Variance	Expl. No.
				CURRENT OPERATING PROGRAMS				
				TAXATION				
215,227.9	306,819.4	91,591.5	a.1	Corporation Income Tax	306,819.4	205,000.0	101,819.4	1
1,807,157.5	1,611,231.5	(195,926.0)	a.2	Individual Income Tax	1,611,231.5	1,646,300.0	(35,068.5)	2
120,166.6	134,544.3	14,377.7	b	Corporation Capital Tax	134,544.3	126,000.0	8,544.3	3
155,672.9	154,373.4	(1,299.5)	c	Gasoline Tax	154,373.4	157,000.0	(2,626.6)	4
224,121.8	225,255.0	1,133.2	d	Levy for Health and Education	225,255.0	230,000.0	(4,745.0)	5
39.7	39.7	0.0	e	Succession Duty and Gift Tax	39.7	40.0	(0.3)	
71.3	71.1	(0.2)	f	Mining Claim Lease Tax	71.1	72.0	(0.9)	
2,765.0	7,262.1	4,497.1	g	Mining Tax	7,262.1	3,200.0	4,062.1	6
68,711.5	64,060.0	(4,651.5)	h	Motive Fuel Tax	64,060.0	66,700.0	(2,640.0)	7
882,708.8	917,666.5	34,957.7	i	Retail Sales Tax	917,666.5	909,900.0	7,766.5	8
55,330.3	56,955.7	1,625.4	j	Revenue Act, 1964, Part 1	56,955.7	55,000.0	1,955.7	9
114,919.4	112,531.5	(2,387.9)	k	Tobacco Tax	112,531.5	113,000.0	(468.5)	10
2,995.0	3,349.3	354.3	l	Environmental Protection Tax	3,349.3	3,000.0	349.3	11
3,649,887.7	3,594,159.5	(55,728.2)		Subtotal	3,594,159.5	3,515,212.0	78,947.5	
1,627,502.3	1,676,108.6	48,606.3			1,676,108.6	1,663,912.0	12,196.6	
				GOVERNMENT OF CANADA				
912,382.0	1,271,747.0	359,365.0	a	Equalization	1,271,747.0	970,000.0	301,747.0	12
			b	Social Transfers:				
513,301.0	509,247.0	(4,054.0)		- Canada Health and Social Transfer	509,247.0	499,200.0	10,047.0	13
2,139.5	0.0	(2,139.5)		- Canada Assistance Plan	0.0	0.0	0.0	14
0.0	130,594.8	130,594.8	c	Federal Health/CHST Supplement	130,594.8	131,000.0	(405.2)	15
2,246.1	2,247.7	1.6	d	Government of Canada Subsidy	2,247.7	2,200.0	47.7	
3,057,570.9	3,589,945.1	532,374.2		Subtotal	3,589,945.1	3,266,312.0	323,633.1	
				OTHER REVENUE				
11,549.4	2,289.6	(9,259.8)	a	Refund of Prior Years' Expenditures	2,289.6	1,500.0	789.6	16
863.5	209.7	(653.8)	b	Sundry	209.7	457.8	(248.1)	17
12,412.9	2,499.3	(9,913.6)		Subtotal	2,499.3	1,957.8	541.5	
6,719,871.5	7,186,603.9	466,732.4		Total Current Operating Programs	7,186,603.9	6,783,481.8	403,122.1	

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2000

EXPLANATION NUMBER:

1. **Corporation Income Tax:** $91,591.5 over 1998-1999 Actual
   $101,819.4 over 1999-2000 Estimate

   Total Corporation Income Tax revenue consists of advance payments from the federal government for the tax years falling within the fiscal year, plus or minus adjustments for prior years based on actual tax returns assessed by Revenue Canada.

   The increase from 1998-1999 is due to corporate taxable income growth.

2. **Individual Income Tax:** $195,926.0 under 1998-1999 Actual
   $35,068.5 under 1999-2000 Estimate

   Total Individual Income Tax revenue consists of advance payments from the federal government for the tax years falling within the fiscal year, plus or minus adjustments for prior years based on actual tax returns assessed by Revenue Canada.

   Decrease from 1998-1999 is due to a reduction in individual tax rates and prior years adjustments arising out of the 1997 flood and late filings that were permitted in that year.

3. **Corporation Capital Tax:** $14,377.7 over 1998-1999 Actual
   $8,544.3 over 1999-2000 Estimate

   Increase is due to corporate growth and increased investment and profits.

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2000

EXPLANATION NUMBER:

4. **Gasoline Tax:** $1,299.5 under 1998-1999 Actual
$2,626.6 under 1999-2000 Estimate

Decrease is due to curtailed consumption resulting from substantial gasoline price increases.

5. **Levy for Health and Education:** $1,133.2 over 1998-1999 Actual
$4,745.0 under 1999-2000 Estimate

Decrease from the estimate is due to a slightly lower growth in payroll than anticipated and significant reductions in manufacturing.

6. **Mining Tax:** $4,497.1 over 1998-1999 Actual
$4,062.1 over 1999-2000 Estimate

Increase is due to an improvement in world nickel prices.

7. **Motive Fuel Tax:** $4,651.5 under 1998-1999 Actual
$2,640.0 under 1999-2000 Estimate

Decrease is essentially due to processing prior year's International Fuel Tax Agreement refunds that were held back between January and March 1999 due to Y2k testing.

8. **Retail Sales Tax:** $34,957.7 over 1998-1999 Actual
$7,766.5 over 1999-2000 Estimate

Increase reflects the current upward trend due to continued strong economic performance.

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2000

EXPLANATION NUMBER:

9. **Revenue Act, 1964, Part1**: $1,625.4 over 1998-1999 Actual
$1,955.7 over 1999-2000 Estimate

Increase reflects higher consumption by two manufacturers.

10. **Tobacco Tax:** $2,387.9 under 1998-1999 Actual
$468.5 under 1999-2000 Estimate

Decrease reflects lower consumption and minimal change in manufacturers' shipments.

11. **Environmental Protection Tax:** $354.3 over 1998-1999 Actual
$349.3 under 1999-2000 Estimate

Increase is due to higher remittances from the Liquor Control Commission on liquor containers.

12. **Equalization:** $359,365.0 over 1998-1999 Actual
$301,747.0 over 1999-2000 Estimate

Equalization revenue is based on in-year entitlements combined with adjustments to entitlements for prior entitlement years.

The increase is due to an increase in in-year entitlements of $153,356, reflecting a return to a more normal value of Manitoba's share of basic federal tax and changes in prior years' adjustments of $206,009 reflecting a negative prior years' adjustment of $47,948 in 1998-1999.

13. **Canada Health and Social Transfer:** $4,054.0 under 1998-1999 Actual

The decrease is due to a decrease in prior years' adjustment which was only partially offset by an increase in in-year entitlements.

Canada Health and Social Transfer: $10,047.0 over 1999-2000 Estimate

The increase is due to a combination of an increase in in-year entitlements and prior years' adjustments.

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2000

EXPLANATION NUMBER:

14. **Canada Assistance Plan:** $2,139.5 under 1998-1999 Actual

Decrease is due to prior years' final adjustments for the Canada Assistance Plan which was eliminated in 1996-1997 with the introduction of the Canada Health ad Social Transfer.

15. **Federal Health/CHST Supplement:** $130,594.8 over 1998-1999 Actual

The Federal Health/CHST Supplement is a one-time payment for 1999-2000.

16. **Refund of Prior Years' Expenditures:** $9,259.8 under 1998-1999 Actual
$789.6 over 1999-2000 Estimate

Decrease from prior year is essentially due to recovery of insured extra expenses resulting from the Headingley Correctional Facility incident in 1996 and repayment of remaining surplus funds advanced to Manitoba Public Insurance in 1989 to cover accumulated losses.

17. **Sundry:** $653.8 under 1998-1999 Actual
$248.1 under 1999-2000 Estimate

Decrease from prior year reflects reduction in repayment of amounts owing by Special Operating Agencies. Decrease from the estimate is due to a reduction in current year payments by Special Operating Agencies for additional payments made in the prior year and reduction in other sundry revenues.

Manitoba Finance

Five-Year Operating Expenditure and Staffing Summary by Main Appropriation

for the fiscal years ended March 31, 1996 to March 31, 2000 *

Main Appropriation		1995-1996		1996-1997		1997-1998		1998-1999		1999-2000	
		FTEs	$000s	FTEs	$000s	FTEs	$000s	FTEs	$000s	FTEs	$000s
07-1	Administration and Finance	18.00	1,005.9	18.00	918.1	18.00	938.4	18.00	976.7	18.00	1,224.0
07-2	Treasury	27.00	1,689.7	26.00	1,573.8	26.00	1,683.5	26.00	1,641.9	25.00	1,717.6
07-3	Comptroller	111.50	6,678.2	112.50	6,531.1	111.50	6,037.2	111.50	5,912.2	102.25	10,779.9
07-4	Taxation	191.67	11,076.0	184.42	12,832.7	185.42	13,932.9	188.92	14,444.7	192.92	24,123.5
07-5	Federal-Provincial Relations and Research	25.25	1,586.7	26.25	1,578.6	25.25	1,639.6	25.25	1,770.1	25.25	1,845.8
07-6	Insurance and Risk Management	4.00	246.9	4.00	218.9	4.19	254.7	4.00	260.9	5.00	328.8
07-7	Treasury Board Secretariat	48.00	2,900.4	48.00	2,997.2	43.00	2,881.1	43.00	2,917.0	43.00	3,003.7
07-8	Office of Information Technology					5.00	118.8	12.00	2,226.5	23.00	3,900.2
07-9	Amortization of Capital Assets										758.5
15-1h	French Language Services Secretariat	3.00	222.1	3.00	246.9	3.00	271.4	3.00	229.4	6.00	581.2
Total Departmental Operating Appropriations		428.42	25,405.9	422.17	26,897.3	421.36	27,757.6	431.67	30,379.4	440.42	48,263.2
07-10	Net Tax Credit Payments		189,369.4		184,619.4		181,212.7		177,844.0		177,724.9
07-11	Public Debt (Statutory)		592,317.7		539,137.4		520,120.2		515,365.6		465,322.0
	Legislative Building Information System		80.2		29.8		101.7				
	Integrated Management Information		633.6		1,215.7		797.1				
Total Appropriations		428.42	807,806.8	422.17	751,899.6	421.36	729,989.3	431.67	723,589.0	440.42	691,310.1

* Adjusted expenditures have been adjusted for comparative purposes. Adjustments are for: i) the transfer of the French Language Services Secretariat from Highways and Government Services to the Administration and Finance Division, and ii) the transfer from Government Services of expenditures for rental payments previously made to Manitoba Properties Inc.